ECONOMICS MONTHLY

QUARTERLY STATISTICAL SUPPLEMENT

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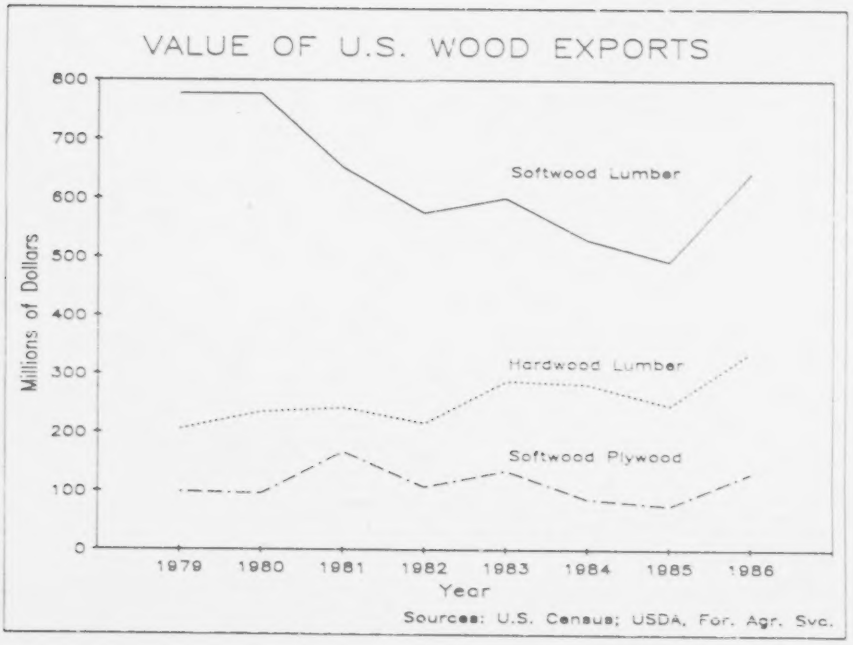

U.S. wood products exports increased during 1986 -- softwood lumber up 29.7 percent; hardwood lumber up 36 percent; softwood plywood up 36 percent.

ESTIMATED REGIONAL SOURCES OF DOMESTIC LUMBER CONSUMPTION (Net Imports Allocated)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS IR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1976	7,641	12,069	10,820	1,981	3,575	36,086	3,054	3,387	6,441	42,527
1977	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983	10,233	14,108	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984*										
1ST QUARTER	2,488	3,854	2,284	416	1,308	10,350	621	888	1,509	11,859
2ND QUARTER	2,727	3,965	2,564	425	1,405	11,085	610	948	1,558	12,643
3RD QUARTER	2,682	4,070	2,430	410	1,466	11,058	628	824	1,452	12,510
4TH QUARTER	2,505	3,782	2,329	393	1,355	10,363	600	718	1,317	11,681
TOTAL YEAR	10,402	15,672	9,606	1,643	5,534	42,857	2,459	3,377	5,836	48,693
1985*										
1ST QUARTER	2,367	3,747	2,017	378	1,310	9,818	631	872	1,503	11,321
2ND QUARTER	2,920	4,462	2,601	488	1,650	12,121	672	939	1,612	13,733
3RD QUARTER	2,700	4,240	2,684	429	1,535	11,590	618	779	1,397	12,986
4TH QUARTER	2,493	3,944	2,446	384	1,448	10,714	613	710	1,323	12,037
TOTAL YEAR	10,480	16,393	9,748	1,679	5,942	44,243	2,534	3,300	5,834	50,077
1986*										
1ST QUARTER	2,768	4,079	2,362	374	1,478	11,061	690	730	1,421	12,482
2ND QUARTER	2,979	4,733	2,837	558	1,737	12,844	657	869	1,526	14,370
3RD QUARTER	2,971	4,424	2,916	491	1,679	12,481	627	898	1,525	14,006
4TH QUARTER	2,596	3,481	2,705	469	1,174	10,425	613	1,928	2,541	12,966
TOTAL YEAR	11,313	16,718	10,820	1,892	6,068	46,811	2,588	4,425	7,013	53,824

* SUBJECT TO REVISION
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED REGIONAL LUMBER PRODUCTION, SHIPMENTS AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1976	7,895	8,322	9,789	2,001	1,688	29,695	3,057	1,173	2,217	6,427	36,170
1977	8,879	9,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,557	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,764	5,743	6,681	1,300	1,309	23,787	2,961	602	2,398	5,962	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984*											
1ST QUARTER	2,620	2,337	2,262	415	391	8,035	645	267	663	1,575	9,610
2ND QUARTER	2,787	2,264	2,429	444	404	8,328	651	297	689	1,637	9,965
3RD QUARTER	2,692	1,985	2,213	407	373	7,670	697	241	682	1,620	9,290
4TH QUARTER	2,575	1,743	2,098	378	347	7,141	649	180	601	1,430	8,571
TOTAL YEAR	10,674	8,329	8,992	1,664	1,515	31,174	2,642	985	2,635	6,262	37,436
1985*											
1ST QUARTER	2,471	1,978	2,009	448	353	7,251	535	248	625	1,508	8,759
2ND QUARTER	2,906	2,016	2,435	452	397	8,176	700	274	696	1,671	9,846
3RD QUARTER	2,771	2,039	2,539	443	338	8,142	687	218	620	1,445	9,587
4TH QUARTER	2,582	2,031	2,323	386	311	7,703	635	253	563	1,451	9,066
TOTAL YEAR	10,730	8,062	9,276	1,730	1,399	31,321	2,629	993	2,580	6,231	37,350
1986*											
1ST QUARTER	2,801	2,196	2,329	443	397	8,166	715	241	606	1,462	9,628
2ND QUARTER	3,041	2,291	2,640	518	455	9,415	691	246	656	1,593	10,498
3RD QUARTER	3,010	2,193	2,852	498	436	8,988	658	258	648	1,564	10,552
4TH QUARTER	2,753	2,328	2,667	487	421	8,656	626	273	913	2,146	11,002
TOTAL YEAR	11,605	9,008	10,488	1,946	1,687	34,725	2,664	1,408	2,883	6,955	41,680
SHIPMENTS											
1976	7,782	8,293	9,744	2,044	1,679	29,542	3,083	1,171	2,214	6,417	35,959
1977	8,932	8,781	10,295	2,005	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,061	32,134	3,248	1,233	2,527	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,324	1,256	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,241	2,580	6,648	32,896
1981	8,398	6,270	7,183	1,503	1,395	24,751	3,313	1,282	1,606	6,091	30,842
1982	8,464	5,793	6,776	1,349	1,301	23,684	2,329	634	2,468	5,249	28,933
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984*											
1ST QUARTER	2,527	2,196	2,126	421	371	7,642	643	265	660	1,568	9,210
2ND QUARTER	2,780	2,265	2,395	440	402	8,280	634	299	615	1,603	9,883
3RD QUARTER	2,718	2,038	2,284	415	381	7,836	654	219	654	1,507	9,343
4TH QUARTER	2,549	1,912	2,209	397	361	7,429	619	167	571	1,357	8,785
TOTAL YEAR	10,574	8,409	9,014	1,673	1,515	31,186	2,550	940	2,540	6,035	37,221
1985*											
1ST QUARTER	2,404	1,914	1,914	381	338	6,951	633	245	622	1,500	8,451
2ND QUARTER	2,964	2,151	2,441	492	417	8,439	677	266	666	1,609	10,047
3RD QUARTER	2,740	2,003	2,546	433	398	8,116	628	201	588	1,417	9,533
4TH QUARTER	2,536	2,079	2,320	389	371	7,645	631	257	659	1,547	8,992
TOTAL YEAR	10,644	8,077	9,221	1,695	1,523	31,199	2,569	969	2,535	6,073	37,023
1986*											
1ST QUARTER	2,810	2,171	2,282	377	341	8,054	784	138	596	1,438	9,472
2ND QUARTER	3,029	2,199	2,537	560	446	9,173	681	230	645	1,556	10,729
3RD QUARTER	3,011	2,069	2,748	494	428	8,790	666	256	687	1,609	10,375
4TH QUARTER	2,642	2,276	2,652	472	411	8,453	642	402	1,072	2,586	11,039
TOTAL YEAR	11,492	8,918	10,461	1,903	1,626	34,450	2,643	1,502	2,975	7,165	41,615
NEW ORDERS											
1976	7,779	8,377	9,760	2,067	1,687	29,670	3,015	1,165	2,200	6,380	36,050
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,042	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,670	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,176	1,501	1,387	24,697	3,341	1,148	1,617	6,106	30,753
1982	8,510	5,976	6,888	1,388	1,325	24,079	2,723	650	2,449	5,268	29,375
1983	10,417	7,864	8,330	1,573	1,544	29,748	2,144	824	2,741	5,919	35,667
1984*											
1ST QUARTER	2,426	2,346	2,173	401	375	7,721	679	247	699	1,651	9,372
2ND QUARTER	2,752	2,272	2,511	397	385	7,917	685	285	632	1,502	9,419
3RD QUARTER	2,694	2,055	2,325	426	383	7,883	651	212	614	1,457	9,340
4TH QUARTER	2,470	1,823	2,202	416	353	7,264	629	170	579	1,378	8,642
TOTAL YEAR	10,342	8,296	9,011	1,640	1,496	30,785	2,529	944	2,520	5,988	36,773
1985*											
1ST QUARTER	2,358	1,935	1,920	391	339	6,942	659	246	641	1,546	8,488
2ND QUARTER	2,974	2,105	2,528	502	415	8,524	653	258	644	1,555	10,079
3RD QUARTER	2,864	2,012	2,506	374	397	8,173	638	207	598	1,443	9,616
4TH QUARTER	2,567	1,992	2,293	395	370	7,617	624	156	553	1,333	8,950
TOTAL YEAR	10,763	8,044	9,247	1,662	1,520	31,256	2,574	867	2,436	5,877	37,133
1986*											
1ST QUARTER	2,897	2,291	2,403	431	409	8,431	757	146	639	1,542	9,973
2ND QUARTER	2,965	2,206	2,642	529	427	8,769	674	224	636	1,534	10,303
3RD QUARTER	2,972	2,214	2,848	463	435	8,932	664	275	666	1,605	10,537
4TH QUARTER	2,689	2,347	2,587	515	416	8,554	647	879	1,080	2,606	11,160
TOTAL YEAR	11,523	9,058	10,480	1,938	1,687	34,686	2,742	1,524	3,021	7,287	41,973

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

IMPORTS AND EXPORTS OF LUMBER

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1976	744.2	91.3	1,083.8	4,116.0	1,305.4	480.2	8.-	121.2	7,950.8	228.2	8.2	8,187.7
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.-	508.9	1,219.8	6,312.9	1,916.4	657.5	41.8	190.6	11,824.5	361.4	12.1	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	35.4	193.7	11,117	376.0	29.5	11,523.2
1980	559.0	440.6	627.8	6,167.9	1,023.9	543.4	20.-	156.6	9,341.1	293.2	31.2	9,864.6
1981	483.3	534.7	467.0	6,010.7	741.7	574.4	15.0	175.9	9,204	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	901.6	535.0	28.8	44.4	9,118.5	211.0	26.2	9,356.0
1983	600.3	708.6	416.7	8,334.4	919.8	664.1	13.5	209.9	11,977.4	260.5	12.5	12,250.4
1984												
1ST QUARTER	140.1	151.1	135.0	2,152.8	246.7	190.9	9.4	75.6	3,095.6	85.1	3.1	3,184.4
2ND QUARTER	137.1	168.6	96.8	2,390.5	251.8	136.5	4.0	59.3	3,243.4	87.1	6.6	3,343.1
3RD QUARTER	147.5	264.4	140.5	2,551.2	225.8	209.7	8.9	72.6	3,622.0	53.9	8.0	3,693.9
4TH QUARTER	178.2	181.0	142.6	2,377.0	183.4	176.1	7.7	67.3	3,515.2	81.0	6.9	3,400.7
TOTAL YEAR	603.0	765.1	514.9	9,471.4	907.6	704.1	35.0	275.0	13,270.2	327.7	24.6	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	218.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	237.9	233.3	10.2	84.2	4,069.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	205.7	14.0	89.3	3,841.8	85.5	7.7	3,934.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.1	16.0	76.-	3,455.1	76.3	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2,571.0	152.3	208.1	27.2	87.2	3,498.0	95.-	3.8	3,597.4
2ND QUARTER	179.1	238.0	154.9	2,957.5	180.5	269.8	30.4	119.1	4,129.1	88.9	10.0	4,228.0
3RD QUARTER	225.7	254.6	140.1	2,961.9	222.3	207.3	18.7	82.-	4,116.9	75.8	5.4	4,200.1
4TH QUARTER	124.1	108.9	65.0	1,892.6	115.7	115.3	26.0	46.4	2,492.1	86.6	4.0	2,582.7
TOTAL YEAR	686.2	768.0	488.4	10,389.1	668.7	800.6	102.4	334.9	14,238.-	346.9	23.1	14,608.2

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1976	571.7	141.4	214.0	61.3	294.2	165.5	60.7	75.7	----	1,584.5	225.5	30.9	1,840.9
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.4	46.8	207.5	10.8	1,744.5	478.1	47.2	2,269.9
1984													
1ST QUARTER	136.8	39.1	46.9	5.5	77.8	24.9	10.-	42.8	2.9	387.5	111.4	30.9	535.9
2ND QUARTER	159.3	53.5	45.0	15.1	81.8	19.8	10.1	56.0	3.8	444.2	129.3	9.4	582.9
3RD QUARTER	131.7	35.7	46.0	5.2	84.8	25.6	9.7	47.8	3.1	389.7	112.4	24.6	526.7
4TH QUARTER	104.3	44.1	36.3	4.4	93.1	27.7	8.7	56.1	3.1	377.9	107.4	14.7	505.0
TOTAL YEAR	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	84.6	2,150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	2.1	366.1	96.1	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.3	61.0	1.7	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.-	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	5.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER	130.1	50.3	54.9	2.1	121.0	23.2	7.8	66.0	2.4	457.9	122.8	6.0	586.7
3RD QUARTER	106.3	40.1	60.8	2.8	115.4	19.0	12.4	66.1	4.1	427.7	135.0	6.1	568.8
4TH QUARTER	140.1	45.1	43.9	3.1	165.5	27.2	11.2	80.6	3.1	520.5	128.1	6.7	655.6
TOTAL YEAR	512.4	178.6	209.4	10.9	532.0	94.0	38.2	249.4	12.0	1,877.0	498.1	23.3	2,398.6

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not available prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.0 mbf. Beginning with 1978 box shook is reported in appropriate species.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Product Division, BIE, U.S. DOC, from data of the Foreign Trade Division.

ESTIMATED GROSS LUMBER MILL STOCKS AND UNFILLED ORDERS BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1976	1,245	949	1,315	434	272	4,214	453	472	925	5,139
1977	1,192	944	1,329	354	269	4,088	411	383	794	4,882
1978	1,197	903	1,295	321	240	4,052	422	398	820	4,872
1979	1,205	918	1,379	435	273	4,250	508	447	1,255	5,505
1980	1,424	912	1,180	434	272	4,226	480	392	1,312	5,538
1981	1,451	912	1,149	385	275	4,367	444	356	1,227	5,594
1982	1,141	862	1,055	326	276	4,270	378	343	1,153	5,424
1983	1,108	994	1,274	334	291	4,494	438	422	1,256	5,750
1984*										
1ST QUARTER	1,801	1,135	1,465	348	313	5,064	471	441	1,781	6,795
2ND QUARTER	1,808	1,134	1,439	362	322	5,065	476	451	1,777	6,842
3RD QUARTER	1,782	1,083	1,368	344	314	4,891	463	434	1,698	6,589
4TH QUARTER	1,808	914	1,297	329	296	4,744	419	391	1,629	6,373
1985*										
1ST QUARTER	1,875	970	1,352	392	305	4,894	491	461	1,843	6,647
2ND QUARTER	1,817	855	1,334	351	276	4,633	467	437	1,775	6,408
3RD QUARTER	1,848	892	1,309	363	298	4,710	481	450	1,809	6,519
4TH QUARTER	1,894	899	1,312	360	300	4,765	493	462	1,834	6,599
1986*										
1ST QUARTER	1,885	922	1,359	426	304	4,896	494	462	1,840	6,736
2ND QUARTER	1,897	813	1,260	374	294	4,638	474	444	1,718	6,356
3RD QUARTER	1,996	937	1,327	396	302	4,958	506	473	1,879	6,837
4TH QUARTER	2,007	984	1,336	394	312	5,034	514	481	1,909	6,943
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1976	450	634	554	207	284	2,129	247	170	417	2,546
1977	488	564	546	171	247	2,016	192	174	366	2,382
1978	555	563	469	234	255	2,076	332	253	585	2,661
1979	553	529	480	176	246	1,984	264	153	417	2,401
1980	499	499	326	111	251	1,686	247	161	407	2,093
1981	544	429	314	111	222	1,620	229	120	349	1,969
1982	590	612	324	150	244	1,920	352	344	696	2,616
1983	793	674	410	141	260	2,278	253	187	440	2,718
1984*										
1ST QUARTER	692	824	451	121	267	3,351	294	240	534	3,885
2ND QUARTER	664	633	373	96	246	1,994	235	182	417	2,411
3RD QUARTER	640	650	414	84	246	2,034	233	174	407	2,441
4TH QUARTER	561	561	407	108	240	1,877	222	166	388	2,265
1985*										
1ST QUARTER	515	582	410	116	241	1,864	249	191	414	2,330
2ND QUARTER	525	556	500	109	245	1,934	204	156	360	2,334
3RD QUARTER	549	565	460	84	246	2,004	204	174	408	2,412
4TH QUARTER	680	528	433	49	247	1,987	227	165	392	2,379
1986*										
1ST QUARTER	766	645	554	149	265	2,379	296	226	496	2,875
2ND QUARTER	702	452	457	108	244	1,963	273	201	474	2,449
3RD QUARTER	663	597	515	87	263	2,125	252	229	495	2,620
4TH QUARTER	710	668	452	150	249	2,229	277	236	513	2,755
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage Of Mill Stocks)										
1976	36%	67%	42%	52%	97%	51%	54%	36%	45%	50%
1977	41%	59%	44%	75%	101%	55%	51%	56%	57%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	36%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	21%	4%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	35%	46%
1984*										
1ST QUARTER	38%	73%	33%	35%	85%	47%	41%	36%	39%	46%
2ND QUARTER	37%	56%	26%	27%	77%	40%	33%	29%	30%	39%
3RD QUARTER	36%	60%	30%	24%	82%	42%	29%	23%	25%	37%
4TH QUARTER	31%	61%	32%	33%	81%	41%	29%	22%	25%	36%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	24%	28%	36%
2ND QUARTER	29%	65%	38%	36%	84%	42%	27%	19%	23%	37%
3RD QUARTER	35%	63%	35%	25%	84%	47%	28%	20%	24%	38%
4TH QUARTER	36%	59%	33%	26%	82%	42%	27%	19%	23%	37%
1986*										
1ST QUARTER	41%	70%	41%	35%	87%	49%	32%	25%	29%	43%
2ND QUARTER	37%	56%	36%	31%	84%	43%	31%	22%	27%	38%
3RD QUARTER	35%	64%	39%	23%	84%	44%	31%	25%	28%	40%
4TH QUARTER	35%	68%	34%	38%	83%	44%	34%	35%	34%	42%

* SUBJECT TO REVISION.
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

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NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 3 March, 1987

MONTHLY STATISTICAL HIGHLIGHTS

Total lumber production in January was up 4.4 percent. New orders were up 18 percent for softwoods, and 31 percent for hardwoods.

The seasonally adjusted annual rate of california redwood shipments was 33.1 percent higher in January than in January, 1986.

Housing starts during February were at a seasonally adjusted annual rate of 1.85 million units. Single-family starts accounted for 70 percent.

January's employment in the lumber and wood products industry was 5 percent higher than in January, 1986.

ECONOMY WATCH -- GNP REVISED DOWNWARD

The Commerce Department revised downward its estimate for economic growth during the fourth quarter, 1986 to 1.1 percent, making the revised growth rate for the year a sluggish 2.5 percent. Housing was one of the leaders in the economy last year, and appears to be a sustaining influence thus far this year as well. The annual rate of housing starts during the first two months of this year averaged 1.83 million units, with 70 percent in single-family.

New orders for durable goods jumped by 6 percent in February, after declining dramatically in January. New orders were bolstered by defense-related spending since factory orders for non-defense capital goods experienced a decline. However, wood products orders appear to be maintaining a strong pace. January's numbers showed an increase of 18 percent over December in new orders for softwood lumber. Unfilled orders for softwood lumber as a percentage of gross stocks was 50 percent in January, higher than the 40 percent average during 1986. This percentage is a measure of the turnover rate represented by filling orders out of inventories. A higher percentage means that the pace of new orders is faster than the creation of inventories. Generally, this is indicative of a firm market (higher prices) for goods.

R&R Market Upbeat

The Commerce Department also reported that expenditures for residential upkeep and improvements during the first half of 1986 were running 14 percent ahead of 1985 (there is a six month lag in these statistics). Repair and remodeling accounts for approximately 30 percent of overall demand for softwood lumber. The booming R&R market helps explain the record demand for wood products in 1986.

Along similar lines, the January issue of Building Supply Home Centers magazine reports that there are some 347 companies operating building supply home centers. They operated 7,727 stores in 1986 with average sales of $3.8 million. On average, over one-third of the sales volume was in wood products. Indicative of trends, the number of outlets has increased in the past few years (by 237 stores in 1986 alone). And it appears that the largest firms -- the top 20 -- are accounting for an increasing number of stores.

A NOTE ON TRADE DATA

The Commerce Department is delaying release of January's trade data until sometime in April. Therefore, this month's statistical insert is incomplete. We have been informed that the delay is for this month only, and that the Department plans to resume its normal statistical release schedule with the February statistics.

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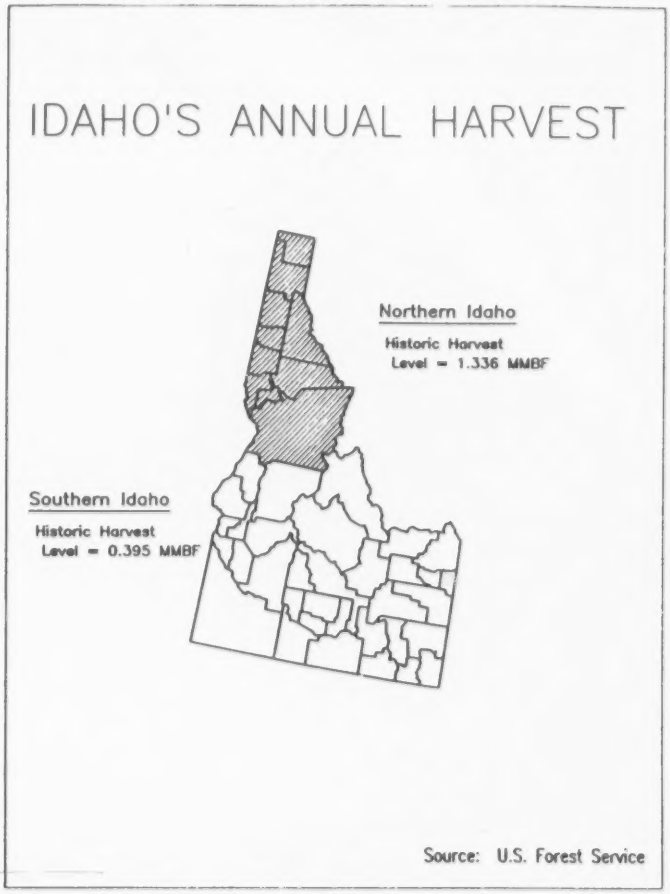
STATE FOCUS - IDAHO TIMBER SUPPLY IN QUESTION

The forest-based industry plays a vital role in the economy of Idaho, employing nearly 13,000 people. Lumber and wood products alone is the second largest manufacturing sector in the state, trailing the agricultural-based food processing industry. In 1984, the value of shipments for the forest-based industry exceeded $1.5 billion, with the lion's share of that amount attributable to solid wood products (lumber, plywood, etc.). Public forests supporting this activity are the subject of considerable controversy. The management and prospective management of the ten federal forests covering, 20.3 million acres in the state, bear directly on its future.

Figure 1: Idaho's timber inventory and harvest were analyzed for two regions.



Long-term plans for each forest under the National Forest Management Planning Act are in varying stages of completion. While the overall planning process is broadly guided by the Washington office of the Forest Service, the actual planning activities, for the most part, are conducted independently. Until recently, there were no specific requirements for the plans to consider the outputs of the national forests in the context of other ownerships in the same economic region. Realizing that this was becoming a problem in analyzing the proposed timber sale programs in the forest plans, then *USDA Assistant Secretary Peter Meyers* directed the Chief of the Forest Service to assess how:

> *·the proposed sales level of one national forest cumulatively relates to those of other forests within the economic region; and*
>
> *·the total national forest sales level relates to supply projections from other ownerships.*

He directed specifically that forest plans in the State of Idaho not be finalized until such an assessment was made. The outgrowth of this directive is a completed study published as *A Report on Idaho's Timber Supply.*

The Basic Dilemma

The fundamental problem in Idaho is that the private industrial and nonindustrial lands, which account for about 25 percent of the state's timberland, have been supplying 40 to 50 percent of the annual harvest during the past decade. Inventories on these lands suggest that their contribution will

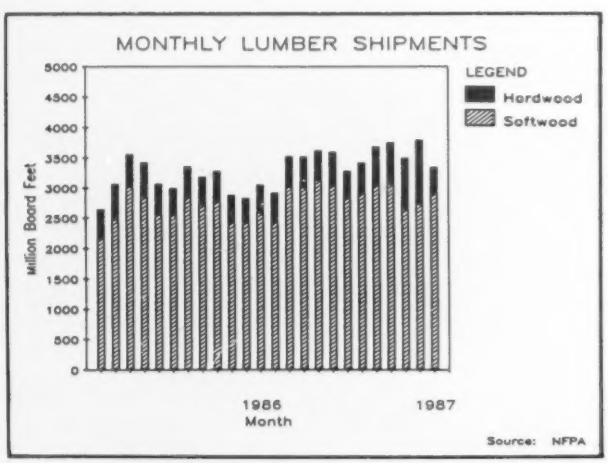
ECONOMICS MONTHLY

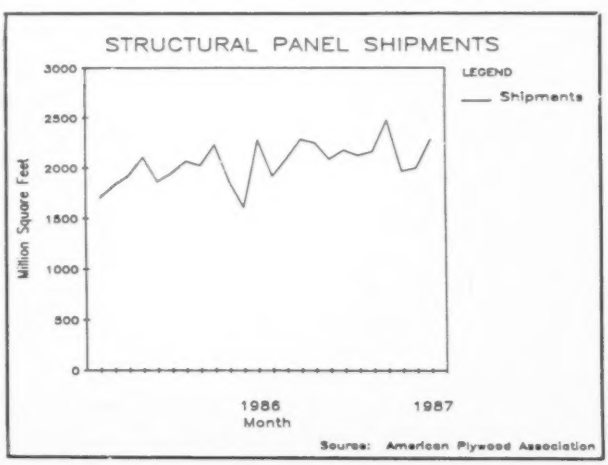
MONTHLY STATISTICAL SUPPLEMENT

Issued: March, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	JANUARY 1987			JANUARY 31, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER			(Million Board Feet)		
Southern Pine Region	966	984	1082	808	1,992
Douglas Fir Region	790	779	867	756	1,000
Western Pine Region	840	853	955	554	1,325
California Redwood Region	182	165	179	144	412
Other Softwoods	119	120	133	271	310
TOTAL SOFTWOODS	2,897	2,901	3,216	2,533	5,039
% Change - December 1986	4.0%	4.3%	18.1%	14.2%	-0.1%
% Change - January 1986	7.5%	12.9%	19.1%	19.8%	3.0%
HARDWOOD LUMBER					
Southern Hardwood Region	189	212	233	298	801
Appalachian Hardwood Reg.	43	51	52	*	*
Other Hardwoods	164	186	202	254	655
TOTAL HARDWOODS	396	449	487	552	1,456
% Change - December 1986	7.3%	5.2%	31.3%	8.9%	-11.5%
% Change - January 1986	-15.9%	-2.0%	-3.4%	26.0%	-15.9%
TOTAL LUMBER	3,293	3,350	3,703	3,086	6,495
% Change - December 1986	4.4%	4.4%	19.7%	13.2%	-2.9%
% Change - January 1986	4.0%	10.7%	15.5%	20.9%	-1.9%
* Included in Other Hardwoods					
FLOORING			(Thousand Feet)		
Oak Flooring (Bd. Ft.)	NA	12,411	NA	8,268	7,083
Maple Flooring (Sq. Ft.)	1,013	765	707	3,791	1,846
STRUCTURAL PANELS (Sq. Ft.)	2,254,566	2,282,952	2,473,876	837,306	354,000
% Change - December 1986	8.2%	14.3%	23.2%	29.5%	-7.3%
% Change - January 1986	-1.7%	0.2%	8.8%	44.6%	-1.1%





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YEAR-TO-DATE INDICATORS

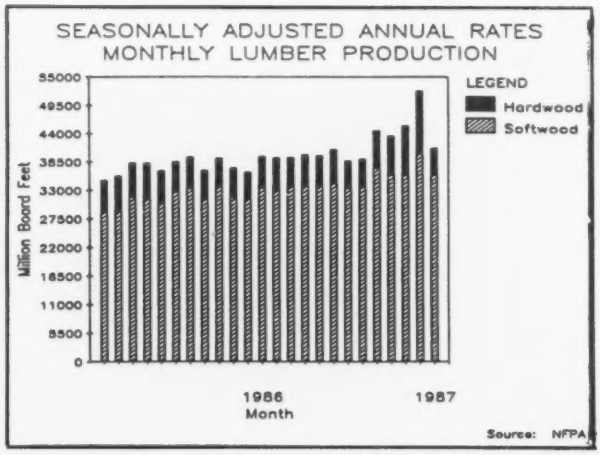
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	1 mo.'87	1 mo.'86	1 mo.'87	1 mo.'86	1 mo.'87	1 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	3,293	4.0%	3,350	10.7%	3,703	15.5%
TOTAL SOFTWOOD	2,897	7.5%	2,901	12.9%	3,216	19.1%
TOTAL HARDWOOD	396	-15.9%	449	-2.0%	487	-3.4%
	(Million Square Feet)					
STRUCTURAL PANELS	2,255	-1.7%	2,283	0.2%	2,474	8.8%

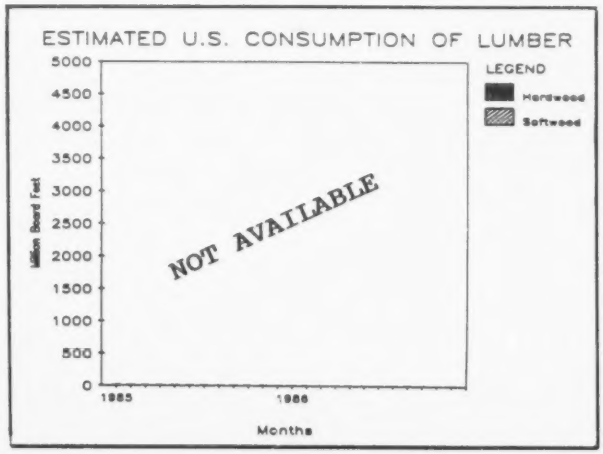
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Jan. '87	Dec. '86	Jan. '86	Jan. '87	Dec. '86	Jan. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	12,054	-3.3%	1.5%	12,859	12.1%	4.6%
Douglas Fir	9,438	-18.0%	12.2%	9,948	-7.0%	14.9%
Western Pine	10,878	-13.0%	12.0%	11,391	-6.0%	21.7%
Calif. Redwood	2,090	-8.9%	14.5%	2,096	4.7%	33.1%
Other Softwoods	1,480	-23.3%	-9.2%	1,567	-13.3%	-4.0%
TOTAL SOFTWOODS	35,941	-11.7%	7.4%	37,861	-0.6%	12.9%
TOTAL HARDWOODS	5,137	0.4%	-15.9%	5,669	-2.6%	-2.0%
TOTAL LUMBER	41,078	-10.4%	3.8%	43,530	-0.9%	10.7%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Jan. '87	Dec. '86	Jan. '86	1 mo.'87	1 mo.'86
	(Million Board Feet)				
Total Consumption	NA	NA	NA	NA	NA
Softwood Consumption	"	"	"	"	"
Hardwood Consumption	"	"	"	"	"

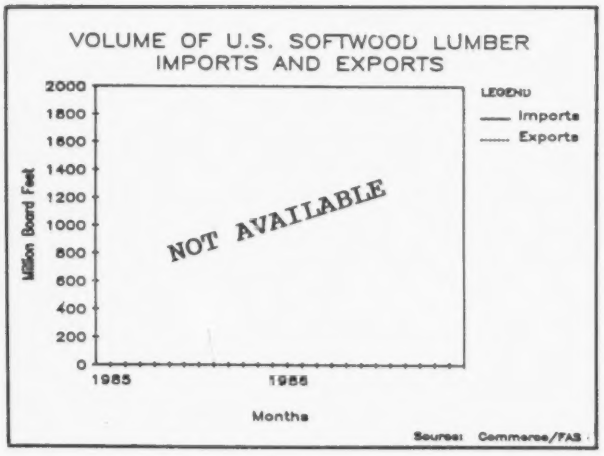


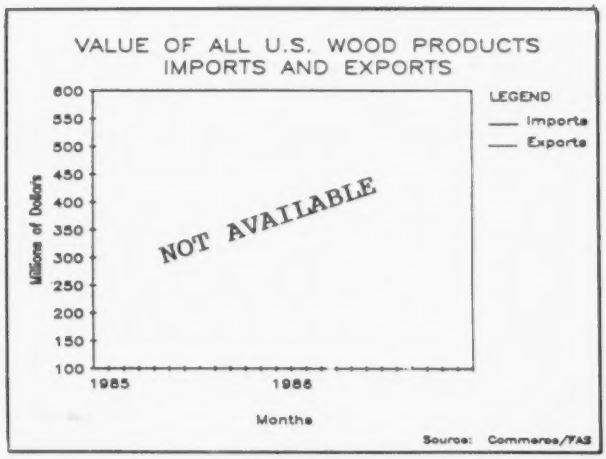


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986	Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
To Canada	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD PLYWOOD	MMSF 3/8"	"	"	"	"	"	"	"	"
HARDWOOD LUMBER	MMBF	"	"	"	"	"	"	"	"
HARDWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
HARDWOOD VENEER	MMSFsurf	"	"	"	"	"	"	"	"
PARTICLEBOARD	MMSF 3/4"	"	"	"	"	"	"	"	"
ALL OTHER		"	"	"	"	"	"	"	"
TOTAL U.S. EXPORTS		"	"	"	"	"	"	"	"
IMPORTS									
SOFTWOOD LUMBER	MMBF	"	"	"	"	"	"	"	"
From Canada	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
SOFTWOOD PLYWOOD	MMSF 3/8"	"	"	"	"	"	"	"	"
HARDWOOD LUMBER	MMBF	"	"	"	"	"	"	"	"
HARDWOOD LOGS	MMBF	"	"	"	"	"	"	"	"
HARDWOOD VENEER	MMSFsurf	"	"	"	"	"	"	"	"
HARDWOOD PLYWOOD	MMSFsurf	"	"	"	"	"	"	"	"
HARDBOARD	MMSF 1/8"	"	"	"	"	"	"	"	"
PARTICLEBOARD	MSF 3/4"	"	"	"	"	"	"	"	"
ALL OTHER		"	"	"	"	"	"	"	"
TOTAL U.S. IMPORTS		"	"	"	"	"	"	"	"

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.





VALUE OF NEW CONSTRUCTION

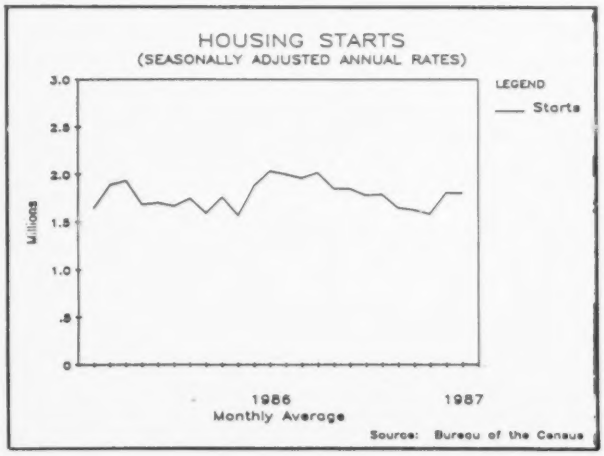
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Jan. '87	Dec. '86	Jan. '86	1 mo. '87	1 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	25.3	-12.5%	0.4%	25.3	0.4%
Private	20.7	-13.4%	-1.4%	20.7	-1.4%
Residential	11.8	-10.6%	10.9%	11.8	10.9%
Nonresidential & Other	8.9	-16.8%	-14.1%	8.9	-14.1%
Public	4.6	-8.0%	9.4%	4.6	9.4%

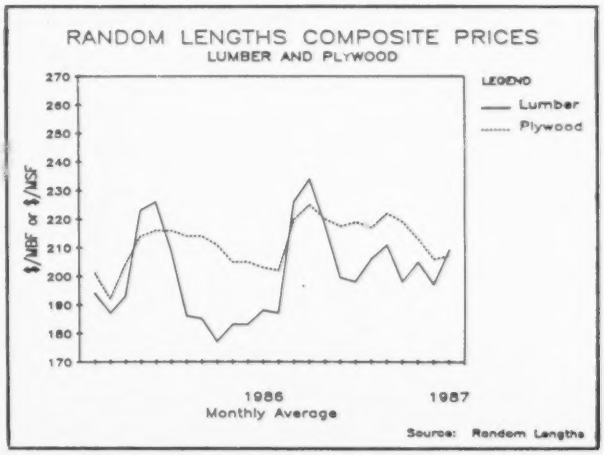
HOUSING STARTS

	Jan. '87	Dec. '86	Jan. '86	1 mo. '87	1 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	103.9	-8.1%	-10.4%	103.9	-10.4%
New Private Starts	103.8	-8.1%	-10.2%	103.8	-10.2%
Seas. Adj. Annual Rate	1,804.0	-0.5%	-10.0%		
One-Family Housing Starts	68.5	-5.1%	-4.9%	68.5	-4.9%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	15,600.0	(0.0)	(0.2)	15,600	-17.5%

INDUSTRY EMPLOYMENT

	Jan. '87	% Change From Dec. '86	% Change From Jan. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	101,741	0.4%	2.5%
All Manufacturing Industries	19,186	0.0%	-0.6%
Lumber and Wood Products	753	0.8%	5.2%
Furniture and Fixtures	505	0.6%	2.2%





decline in the future, thus exerting pressure on the public ownerships to sustain the forest activity.

The study identifies the effects of the various harvest levels proposed in the draft plans of each national forest on total timber supply in the state, employment and payments to the counties. It also assesses the responsiveness of the national forests in supplying increasing amounts of timber in light of prospective shortfalls from other ownerships. To narrow its focus, the analysis ignores other resource outputs from the national forests, leaving conflicts between timber and non-timber resources to the planners on each forest.

The report uses inventory and projected harvest information from the forest plans and the Timber Resource Analysis System model (TRAS) to develop different scenarios of timber supply from each class of timber ownership in the state. The study divides the state into two regions, northern Idaho and southern Idaho, and develops 29 inventory/harvest scenarios for each region.

Each national forest plan has five alternate harvest schedules based upon varying assumptions about sustained yield, market conditions, and interaction with other resource amenities. The "preferred" alternative is the recommended direction put forth in each draft plan. While the other alternatives contained in the plans were analyzed, the preferred alternatives were used in most of the modeled scenarios.

Shortfall Likely on Private Lands

The study concludes that private lands cannot sustain historic harvest activity beyond the next 10 - 15 years. Beyond that time frame, the national forests have the capability of offsetting declines in supplies from other ownerships, but only if the forest managers choose higher timber output alternatives contained in the plans.

In southern Idaho, the timber supply situation will be particularly worrisome during the upcoming decade. According to the study, the preferred alternatives contained in the plans will result in a reduction in harvests over historical levels by as much as 525 million board feet during the next fifteen years. Since the prospective inventories on other ownerships will be insufficient to fill the gap, a loss in timber-related income and jobs is likely. The authors estimate this economic impact to be on the order of $27 million in lost income and 682 jobs annually. Payments to the counties based on sales from the forests will be reduced by $245,000.

In northern Idaho, the crunch will occur later, towards the end of the century when private supplies are likely to be constrained if current harvest levels continue. The national forests will thus be called upon to provide increased volume, or the state will suffer considerable loss. Unfortunately, the forest plans target a planning horizon of ten years, thus creating considerable speculation and uncertainty with respect to timber harvest for the period beyond.

Higher Demand May Alter Results

The study does not fully analyze increases in Idaho's producing capacity and the prospective increase in demand for lumber. These could have a more sobering effect on the study's conclusions. The analysis assumed the need to maintain Idaho's future

harvest at historical levels, namely the median harvest level between 1974 and 1985. However, capacity has increased substantially in the past few years in response to increased demand prospects. In fact, harvests in the state between 1984 and 1986 were running above the historic median used in the analysis and some in the industry believe they will be heading higher. Pointing to a prospective decline in Canadian lumber imports, they suggest an increasing reliance on Idaho timber comprised of similar species.

What all of this seems to boil down to is that the timber industry, and by implication, Idaho's economy, will remain dependent on federal timber far into the foreseeable future. The analysis demonstrates that the timber inventory exists on the national forests to support a higher level of harvest. It also provides yet more documentation in the debate over management of national forest lands.

Setting a Precedent

The significance of the Idaho study goes beyond the state because it sets a precedent for similar types of studies in other states or national forest market areas. A similar effort, though on a much more limited scale, was part of the forest plan for the Olympic National Forest in Washington State. It also looked at timber supply on non-federal ownerships and noted the constraints that lower supply from those lands is going to place on the Olympic Peninsula timber industry. At this point, it is not clear how other forests will conduct these types of analyses. However, there is increasing political pressure on them to meet Secretary Meyer's original direction to look at the respective timber sale programs within the context of the local timber economies.

LUMBER CONCERNS EXPERIENCE HIGH FAILURE RATE

The failure rate for businesses during 1986 reached an historic high, according to Dun and Bradstreet's (D&B) *Business Failure Record*. In 1986, the rate of 120 failures per 10,000 listed concerns was more than twice as high as ten years ago. The failure rate for businesses in the lumber and wood products industry was 125 per 10,000 firms, higher than the 113 recorded for manufacturing as a whole, but lower than the 1985 rate of 136 per 10,000.

These data reflect, in part, a high level of business starts. About half the failures are of firms which have been in business for fewer than five years. In a separate report on business starts, Dun and Bradstreet recorded over 250,000 new businesses in 1986, 1,357 in lumber and wood products. D&B has 31,257 firms listed in its database on the lumber and wood products industry.

FOREST SERVICE PUBLICATION AVAILABLE

Copies of a USDA Forest Service publication entitled "U.S. Timber Production, Trade, Consumption, and Price Statistics 1950 - 1985" are available from NFPA. This publication contains statistical tables on U.S. forest products useful for analytical and reference purposes. To obtain a copy, please send $3 to NFPA to cover postage and handling, attention Renee Browne, NFPA, 1250 Connecticut Avenue, Washington, D.C. 20036. While supplies last.

5/11/87 A7870-3

NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 4 April, 1987

MONTHLY STATISTICAL HIGHLIGHTS

The GNP price deflator rose at a 3.5 percent annual rate during the first quarter, compared with a 2.1 percent in the prior four quarters.

Softwood lumber exports rose 28 percent in volume, and 42 percent in value during the first two months of 1987, when compared with a year earlier.

The annual rate of housing starts during the first quarter was 1.807 million units.

Southern pine exports during the first two months of the year totaled 39.2 million board feet, up 49 percent when compared to a year ago.

ECONOMY WATCH -- INTEREST RATES HAVE BOTTOMED OUT

The economy grew at the healthy rate of 4.3 percent during the first quarter. But inflation revived -- consumer prices were up at annual clip of 6.2 percent, and mortgage rates appear to have bottomed out. Interest rates on long-term Treasury securities have risen by 100 basis points since January, an overall indicator of rising rates in the financial markets.

In the meantime, paper and forest products stocks have been the darlings of Wall Street's bull market. Higher earnings -- the results of a weakening dollar, strong domestic demand, and belt-tightening by producers -- have fueled an above-average increase in stock prices. Most financial analysts see still higher company earnings and above-average performance for these stocks throughout the balance of this year.

In the wood products industry, producers are also optimistic. This is borne out by the new NFPA Quarterly Business Survey conducted for the first quarter. Seventy percent of respondents, across all product lines and regions, indicated earnings were up during the first quarter of 1987. Moreover, the vast majority of respondents also expect favorable business conditions to continue for at least another six months.

The numbers

Statistics for the first two months of the year show U.S. consumption of softwood lumber products ahead of last year by 11 percent, with U.S. shipments up 16 percent. Shipments of structural panels were up nearly 6 percent, while hardwood lumber shipments declined by 1.5 percent. The depreciation of the dollar has stimulated exports of U.S. wood products. The value of wood products exports during the first two months of the year was up again, by 23 percent, after having posted a gain during 1986.

The key supply element to watch is lumber imports. Imports of softwood lumber plummeted -- by 40 percent -- during the fourth quarter of last year, giving domestic producers a welcome shot in the arm, and firming up market prices. Strikes in British Columbia were the primary reason for the decline in Canadian shipments. The preliminary decision on a 15 percent countervailing duty in October was also a contributing factor, although much less significant.

The preliminary countervailing duty decision was replaced by an excise tax on Canadian softwood lumber exports, in early January, as part of a Canada/U.S. agreement. It is still too early to isolate the impact of this tax from the residual effects of the British Columbia strikes and other normal market forces. That Canada has not yet

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enacted legislation to enforce collection of the tax, clouds any analysis of its impact.

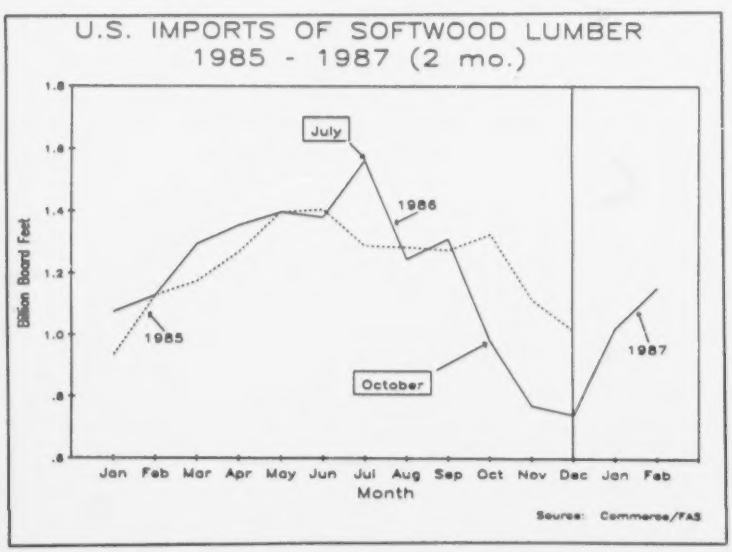
Canadian imports of softwood lumber rose during the first two months of the year to 2.2 billion feet -- slightly ahead of the first two months last year (Figure 1). This fact suggests that the excise tax will have little impact on import volume this year, although there is disagreement on this point. Some producers are hoping that the duty will curtail Canadian market share, or at least raise the floor for lumber prices.

U.S. Trade

America's overall trade woes continue, bringing debate on U.S. trade policy to a head in Congress. The trade deficit during the first two months of 1987 exceeded $27 billion. On the legislative side, the House of Representatives passed a trade bill with a number of controversial provisions aimed at retaliating against countries with large trade surpluses. While the bill contains support for export assistance programs important to the wood industry, exporting companies oppose the bill's protectionist measures.

On the monetary side, the Administration and the Federal Reserve Board are attempting to prevent a chaotic tailspin in the value of the dollar, which has declined to below "G-5" targets. While the upside of the dollar depreciation is increased exports, the downside is higher inflation and, when coupled with a burgeoning federal debt, higher interest rates.

Figure 1: Canadian imports were up during the first two months of the year, to an undjusted annual rate of 13.3 billion board feet.



WOOD TREATING -- TRENDS AND PROSPECTS

Wood treating represents a $1.6 billion segment of the wood products industry; a segment which employs some 11,000 workers with a payroll of over $170 million. It is a segment of the industry with substantial untapped market promise, yet one which has come under close environmental scrutiny in recent years.

Chemical treatments of wood products extend their life and usefulness and, over time, can favorably influence the long-term utilization of forest resources. Wood treating chemicals are used to prevent wood decay caused by bacteria and fungi, to thwart insect infestations, and to hinder combustion in fire sensitive applications. They prevent sapstain and other aesthetic deterioration of product quality.

Treated wood products include: railroad ties, utility poles, outdoor decks, exterior wood siding and fencing, and permanent wood foundations. Wood preservatives are also used by hundreds of wood

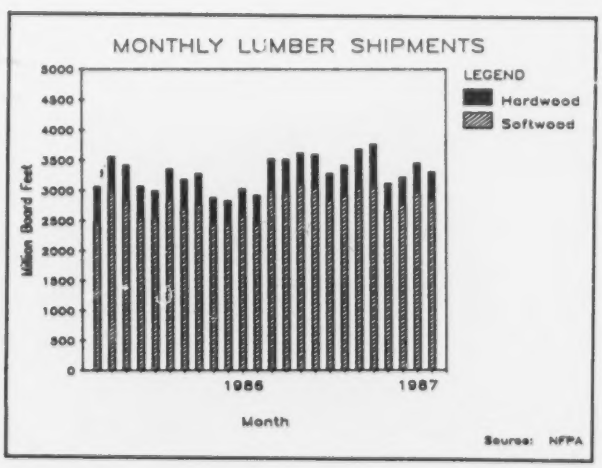
ECONOMICS MONTHLY

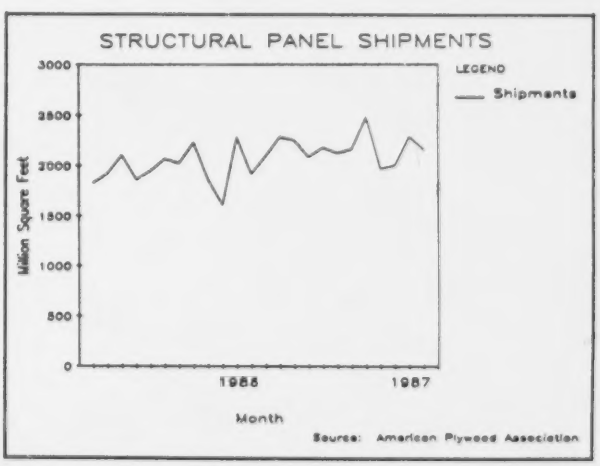
MONTHLY STATISTICAL SUPPLEMENT

Issued: April 30, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	FEBRUARY 1987			FEBRUARY 28, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
SOFTWOOD LUMBER			(Million Board Feet)		
Southern Pine Region	912	920	957	849	1,982
Douglas Fir Region	824	788	780	748	1,036
Western Pine Region	883	851	887	590	1,357
California Redwood Region	162	152	135	127	422
Other Softwoods	142	138	141	276	315
TOTAL SOFTWOODS	2,923	2,849	2,900	2,590	5,112
% Change - January 1987	-1.7%	-4.4%	-12.1%	2.0%	1.5%
% Change - February 1986	14.0%	16.6%	11.5%	14.1%	2.0%
HARDWOOD LUMBER					
Southern Hardwood Region	189	221	216	293	769
Appalachian Hardwood Reg.	36	44	43	*	*
Other Hardwoods	159	188	183	240	744
TOTAL HARDWOODS	384	453	442	533	1,513
% Change - January 1987	-7.2%	-3.4%	-12.8%	-1.8%	-4.4%
% Change - February 1986	-24.6%	-5.2%	-10.5%	18.4%	-14.2%
TOTAL LUMBER	3,307	3,302	3,342	3,123	6,625
% Change - January 1987	-2.4%	-4.3%	-12.2%	1.3%	0.1%
% Change - February 1986	7.6%	13.0%	8.0%	14.8%	-2.2%
* Included in Other Hardwoods					
FLOORING			(Thousand Feet)		
Oak Flooring (Bd. Ft.)	NA	12,271	NA	9,376	6,860
Maple Flooring (Sq. Ft.)	759	686	936	3,162	2,133
STRUCTURAL PANELS (Sq. Ft.)	2,179,831	2,156,484	2,065,946	746,768	400,000
% Change - January 1987	-3.3%	-5.5%	-16.5%	-10.8%	6.4%
% Change - February 1986	13.2%	12.7%	10.2%	16.9%	7.8%





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YEAR-TO-DATE INDICATORS

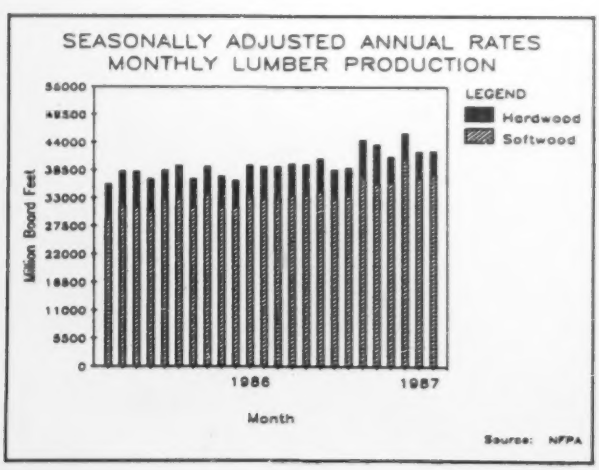
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	2 mo.'87	2 mo.'86	2 mo.'87	2 mo.'86	2 mo.'87	2 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	6,696	7.3%	6,751	13.5%	7,150	13.5%
TOTAL SOFTWOOD	5,898	12.1%	5,829	16.3%	6,201	17.0%
TOTAL HARDWOOD	798	-18.6%	922	-1.5%	949	-4.9%
	(Million Square Feet)					
STRUCTURAL PANELS	4,434	5.1%	4,439	5.9%	4,540	9.5%

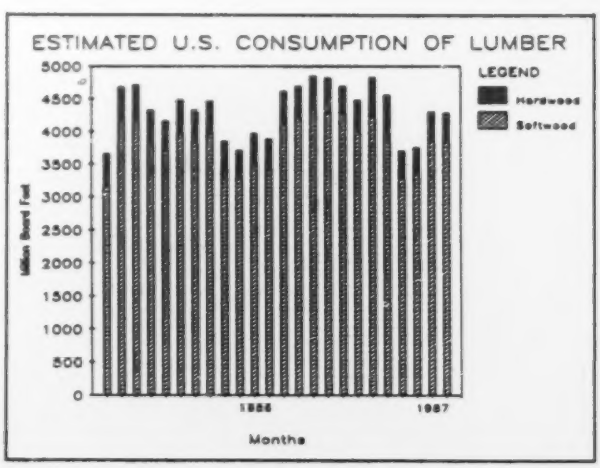
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Feb. '87	Jan. '87	Feb. '86	Feb. '87	Jan. '87	Feb. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,770	-7.3%	6.8%	12,425	-8.4%	8.9%
Douglas Fir	9,885	4.7%	16.1%	10,384	4.4%	20.5%
Western Pine	12,143	11.6%	18.8%	12,435	9.2%	18.7%
Calif. Redwood	1,982	-5.2%	21.8%	2,042	-2.6%	39.4%
Other Softwoods	1,860	3.1%	13.6%	1,916	1.2%	16.0%
TOTAL SOFTWOODS	37,640	2.0%	14.0%	39,203	0.8%	16.6%
TOTAL HARDWOODS	4,729	-11.9%	-24.6%	5,481	-7.4%	-5.2%
TOTAL LUMBER	42,370	0.2%	7.8%	44,684	-0.3%	13.4%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Feb. '87	Jan. '87	Feb. '86	2 mo.'87	2 mo.'86
	(Million Board Feet)				
Total Consumption	4,287	-0.4%	10.3%	8,593	9.3%
Softwood Consumption	3,852	-0.2%	12.7%	7,712	11.2%
Hardwood Consumption	435	-2.7%	-7.6%	881	-4.9%





ECONOMICS MONTHLY

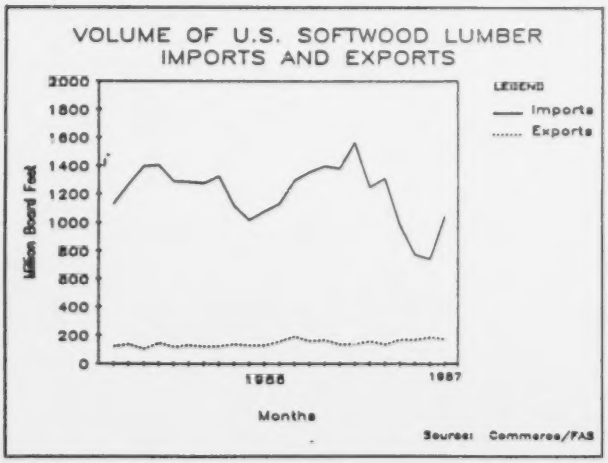
ADDENDUM TO MARCH, 1987 STATISTICAL SUPPLEMENT

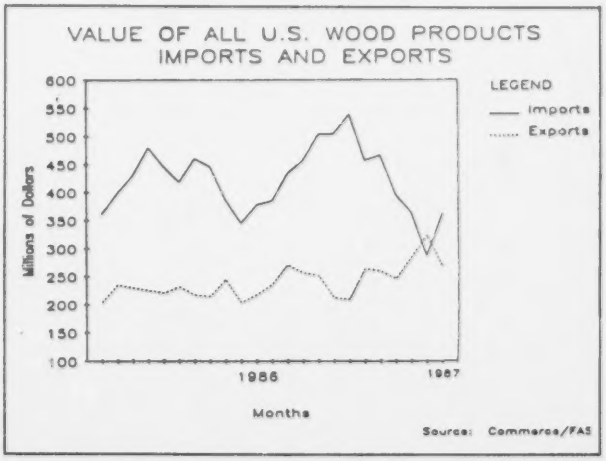
Issued: April 30, 1987

INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986	Jan. '87	1 mo. 1987	% Change From Dec. '86	% Change From 1 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	173.4	173.4	-5.7%	36.4%	59,151	59,151	-13.4%	48.9%
To Canada	MMBF	31.5	31.5	20.9%	12.2%	8,106	8,106	13.7%	14.0%
SOFTWOOD LOGS	MMBF	273.6	273.6	-27.2%	7.1%	91,036	91,036	-25.0%	21.0%
SOFTWOOD PLYWOOD	MMSF 3/8"	123.8	123.8	35.9%	98.4%	28,998	28,998	39.7%	106.3%
HARDWOOD LUMBER	MMBF	45.6	45.6	17.1%	20.8%	29,378	29,378	16.2%	9.7%
HARDWOOD LOGS	MMBF	11.4	11.4	23.8%	32.1%	9,348	9,348	5.6%	-1.9%
HARDWOOD VENEER	MMSFsurf	87.8	87.8	-4.7%	59.1%	6,976	6,976	-12.7%	39.8%
PARTICLEBOARD	MMSF 3/4"	13.3	13.3	-27.2%	13.7%	2,846	2,846	-23.5%	20.7%
ALL OTHER		NA	NA	NA	NA	38,675	38,675	-39.9%	-10.7%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	268,526	268,526	-17.0%	23.8%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,052.4	1,052.4	42.3%	-2.2%	197,783	197,783	44.1%	-5.1%
From Canada	MMBF	1,044.2	1,044.2	42.6%	-1.7%	195,977	195,977	44.9%	-4.6%
SOFTWOOD LOGS	MMBF	0.3	0.3	-19.5%	-89.5%	105	105	138.6%	-64.5%
SOFTWOOD PLYWOOD	MMSF 3/8"	6.7	6.7	-12.4%	-35.5%	2,177	2,177	20.5%	-27.4%
HARDWOOD LUMBER	MMBF	25.2	25.2	-2.1%	-31.5%	14,325	14,325	11.7%	-12.8%
HARDWOOD LOGS	MMBF	1.1	1.1	-60.0%	-24.8%	225	225	45.2%	-38.9%
HARDWOOD VENEER	MMSFsurf	110.3	110.3	-14.1%	-19.3%	8,618	8,618	-14.0%	-3.0%
HARDWOOD PLYWOOD	MMSFsurf	307.4	307.4	28.9%	-10.0%	41,319	41,319	24.7%	-8.2%
HARDBOARD	MMSF 1/8"	44.3	44.3	-14.1%	-46.6%	3,435	3,435	-4.2%	-34.7%
PARTICLEBOARD	MSF 3/4"	106.3	106.3	34.3%	17.8%	10,110	10,110	32.3%	-15.2%
ALL OTHER		NA	NA	NA	NA	82,904	82,904	3.8%	6.8%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	361,196	361,196	26.1%	-4.2%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.

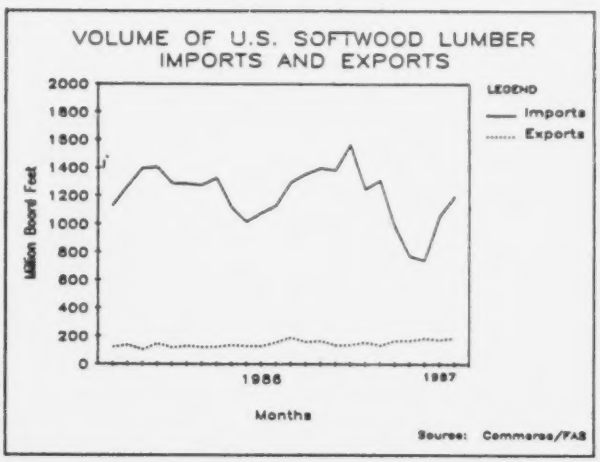


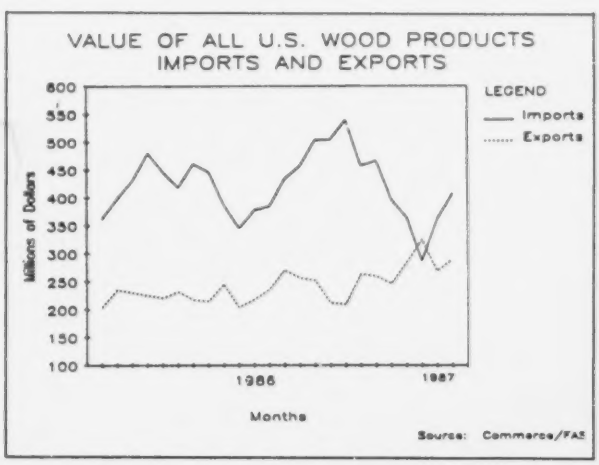


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Feb. '87	2 mo. 1987	% Change From Jan. '87	% Change From 2 mo. 1986	Feb. '87	2 mo. 1987	% Change From Jan. '87	% Change From 2 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	187.4	360.8	8.0%	28.1%	66,740	125,891	12.8%	42.0%
To Canada	MMBF	30.6	62.1	-2.9%	9.1%	7,371	15,477	-9.1%	10.7%
SOFTWOOD LOGS	MMBF	324.0	597.6	18.4%	11.4%	109,454	200,490	20.2%	20.1%
SOFTWOOD PLYWOOD	MMSF 3/8"	74.4	198.1	-39.9%	74.8%	15,559	44,557	-46.3%	74.2%
HARDWOOD LUMBER	MMBF	48.8	94.4	6.9%	26.9%	31,204	60,582	6.2%	19.5%
HARDWOOD LOGS	MMBF	12.7	24.1	10.9%	27.9%	11,066	20,414	18.4%	2.1%
HARDWOOD VENEER	MMSFsurf	94.9	182.7	8.0%	56.7%	8,241	15,217	18.1%	39.9%
PARTICLEBOARD	MMSF 3/4"	18.7	32.0	40.7%	31.3%	3,821	6,667	34.3%	46.5%
ALL OTHER		NA	NA	NA	NA	41,880	80,555	8.3%	-1.9%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	288,923	557,449	7.6%	23.4%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,190.4	2,242.8	13.1%	1.7%	229,657	427,440	16.1%	-0.2%
From Canada	MMBF	1,172.6	2,216.9	12.3%	1.4%	225,989	421,966	15.3%	-0.6%
SOFTWOOD LOGS	MMBF	1.9	2.2	568.7%	-63.5%	569	674	441.9%	-0.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	11.0	17.7	62.7%	-10.6%	2,735	4,912	25.6%	-16.0%
HARDWOOD LUMBER	MMBF	29.7	54.9	17.6%	-17.7%	15,987	30,312	11.6%	7.8%
HARDWOOD LOGS	MMBF	3.5	4.6	221.7%	105.5%	291	516	29.3%	-14.7%
HARDWOOD VENEER	MMSFsurf	152.3	262.6	38.0%	0.6%	10,387	19,005	20.5%	9.2%
HARDWOOD PLYWOOD	MMSFsurf	307.8	615.2	0.1%	-14.8%	41,133	82,452	-0.5%	-8.9%
HARDBOARD	MMSF 1/8"	71.3	115.6	61.1%	-28.1%	5,435	8,870	58.2%	-14.6%
PARTICLEBOARD	MSF 3/4"	97.3	203.7	-8.5%	21.4%	9,854	19,964	-2.5%	-13.9%
ALL OTHER		NA	NA	NA	NA	89,938	172,842	8.5%	10.6%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	406,252	767,448	12.5%	0.8%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.





product mills as a routine quality enhancement measure.

Wood preservatives are generally categorized in three groups: waterborne (arsenicals), creosote or oil-based, and pentachlorophenol. Fire retardants are yet a fourth category of chemicals used to treat wood products. The use of arsenicals has grown the most rapidly in recent years; the largest volume -- 64 percent -- of treated wood products is treated using waterborne preservatives.

Statistics for 1985 Just Released

According to a just-released report sponsored by the American Wood Preservers Institute and other industry associations, there were approximately 448 companies engaged in the treating of wood products in 1985. Together they operated 569 active treating plants which treated an estimated 519.3 million cubic feet of wood products using pressure, vacuum, or hot and cold bath methods. The report does not cover the extensive use of chemicals which are routine dipped, brushed or sprayed by many wood products mills for quality purposes.

An estimated 4.5 billion board feet of lumber was treated in 1985. Another 412 million board feet of timbers, and 267 million square feet of plywood were also treated. The southern region accounted for 64 percent of the total volume treated. We estimate that 40 percent of U.S. southern pine production is treated in some fashion, the vast majority with waterborne preservatives. Therefore, in 1985, over 4 billion board feet of southern pine lumber was treated.

Decking, PWF, and Fire Retardants Offer Market Potential

To date, wood decks are probably responsible for the largest increase in consumption of treated wood products. Decking is a popular option on all new homes and is frequently cited in residential and remodeling surveys among the most common improvements made.

All-Weather or Permanent Wood Foundations (PWF) are a major growth area for treated wood lumber and

Table A:
The treated wood industry has grown since 1978 mainly because of demand for decking and wood foundations.

Production of Treated Wood 1978 - 1985

(Thousand Cubic Feet)

Wood Treated With:	1978	1980	1981	1984	1985	1985 Percent
Waterborne Preservatives	92,903	120,465	137,915	301,697	328,677	63.3%
Creosote (Oil & Tar)	154,587	143,505	148,924	137,594	128,570	24.8%
Pentachlorophenal	79,996	60,761	52,625	53,610	52,535	10.1%
Fire Retardants	NA	6,271	10,350	6,223	9,532	1.8%
TOTAL	327,486	331,002	349,814	499,124	519,314	100.0%

Source: James T. Micklewright

VALUE OF NEW CONSTRUCTION

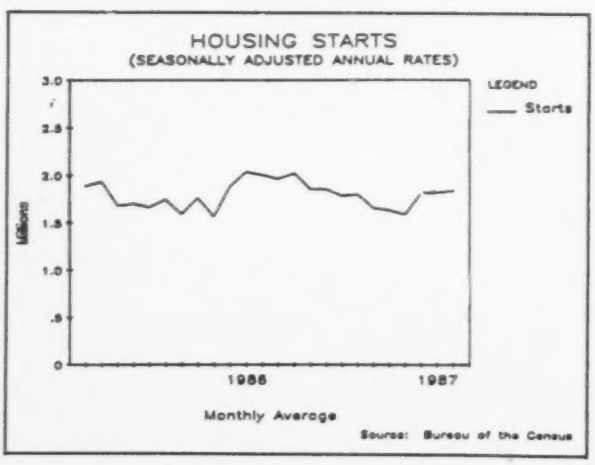
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	---% Change From---		Latest Period Available	% Change From
	Feb. '87	Jan. '87	Feb. '86	2 mo. '87	2 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	24.7	-1.6%	0.4%	49.8	0.0%
Private	20.1	-1.5%	-2.6%	40.5	-2.7%
Residential	11.3	-4.2%	8.1%	23.1	9.5%
Nonresidential & Other	8.8	2.3%	-13.5%	17.4	-15.3%
Public	4.6	-2.1%	15.6%	9.3	13.7%

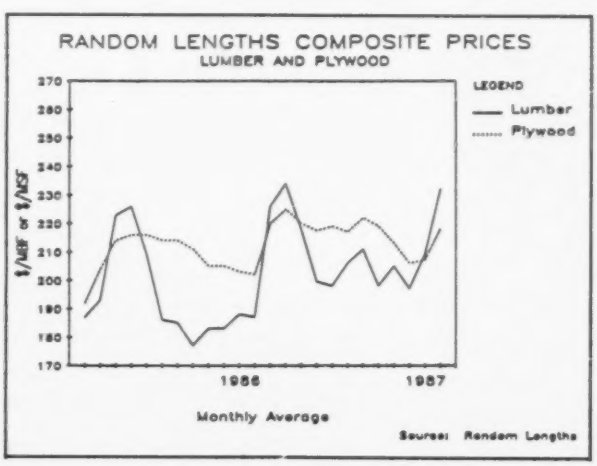
HOUSING STARTS

	Feb. '87	Jan. '87	Feb. '86	2 mo. '87	2 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	101.8	-3.1%	-5.0%	206.9	-7.3%
New Private Starts	101.8	-3.1%	-5.0%	206.9	-7.1%
Seas. Adj. Annual Rate	1,833.0	0.9%	-4.7%		
One-Family Housing Starts	71.4	3.2%	9.7%	140.6	2.6%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	16,300.0	0.0	(0.1)	32,300	-14.1%

INDUSTRY EMPLOYMENT

	Feb. '87	----% Change From--- Jan. '87	Feb. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	100,500	0.3%	1.1%
All Manufacturing Industries	19,062	0.3%	-1.2%
Lumber and Wood Products	729	0.4%	1.8%
Furniture and Fixtures	505	0.2%	2.2%





plywood. The PWF is an engineered stud wall with plywood sheathing, built and installed to withstand foundation loads. All wood materials used in the foundation are pressure treated with preservatives to eliminate the possibility of rotting and decay. PWFs cost less than foundations made of other more traditional types of building material such as concrete, while offering greater energy efficiency.

Fire Retardant Wood

Although the total volume of wood products treated for fire resistance is relatively small (about 2 percent), this group of treated products has a potential not yet fully tapped in non-residential markets. Recent developments in chemical and application technologies now make it possible to meet building code requirements for "non-combustible" materials, while maintaining high product quality. Perhaps this is why the volume of wood treated with fire retardants jumped by 53 percent in 1985, after having experienced a lull since 1981.

EPA Requirements Met

After an eight year environmental regulatory proceeding, an agreement was reached in 1985 between the Environmental Protection Agency (EPA) and the wood treating industry setting forth the terms under which chemicals could be used to treat wood products and how the products could be sold. New restrictions were imposed on the use of wood treating chemicals, and new requirements were put into effect for training applicators. Restrictions on the use of treated wood (in applications with food, feed, or drinking water contact) also appear on Consumer Information Sheets voluntarily distributed by the treated wood industry.

An industry-sponsored Consumer Awareness Program (CAP) targets retailers to be the link between pressure treated wood manufacturers and the consumers in educating the public on the proper use of pressure treated wood. Compliance with the Consumer Awareness Program in the industry is high, according to a recent audit of the program. Among retailers, wholesalers and distributors, 81% were found to be aware of the Consumer Awareness Program and 70% were participating. Among treaters and chemical manufacturers, 100% were aware of the CAP, and 97% of the treaters and 100% of the chemical manufacturers were participating.

Environmental Regulation -- Still Threatens

While safety and health concerns surrounding application of chemicals and the use of treated products have been largely satisfied by the joint EPA/industry agreement, prospective environmental regulations on disposition of hazardous wastes threatens the future economic health of the treated wood industry. A hazardous waste designation for chemicals used to treat wood products would require extensive documentation, reporting, major retrofit of operations and perhaps clean-up. EPA is now reviewing a draft regulation which may be proposed for public comment later this year.

TRADE STATISTICS ISSUED

January's trade statistics, unavailable last month, are provided as an additional insert this month.

5/5/87 A7870-3

NFPA AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 5 May, 1987

NFPA MID-YEAR FORECAST -- STEADY AS SHE GOES

"Sluggish" is a term frequently used to describe the current state of the economy. Last year's growth rate was a lackluster 2.5 percent. However, we are still experiencing positive growth. In fact, the U.S. economy has showed positive changes in real GNP for 18 consecutive quarters, making the current economic expansion the longest in two decades. This year's first quarter rate was a respectable 4.4 percent.

Sharing in the spoils of the recovery took a long time for most wood products producers, and required some painful operating adjustments, but the industry can now boast improved conditions and a generally positive outlook for the balance of the year. The first quarter's measures were all upbeat, with record shipment and consumption levels for most wood products categories. Economic forecasts of 1987 GNP range between 2 and 3 percent, which suggests that the economy will slow down during the next several months. Nevertheless, 1987 should mark another generally favorable year for the wood products industry.

Fundamentals of Wood Demand Are Sound

Housing starts are following a predictable course this year. During the first four months, housing starts were lower than during 1986, but the decline was in the multi-family sector. Single-family starts actually rose 3 percent from last year.

Although interest rates have begun to rise, they have not risen enough to significantly dampen housing demand, particularly when home ownership is one of the few tax preference items universally available under the new tax law. Mortgage rates are still lower than they were between 1983 and 1985, when starts averaged 1.73 million (Figure 1). And because of the current inflation rate, real interest rates are lower today than they were a year ago.

The housing cycle will eventually ebb, but not in 1987. Starts should number at least 1.7 million units with a strong performance from the single-family sector. Moreover, the average size of new single family homes is increasing -- to 1,825 square feet in 1986, up from 1,710 in 1982, a factor which favorably affects wood products demand.

Export Prospects Bright

The change in the dollar has definitely affected U.S. exports of wood products. Following last year's increase of over 14 percent in the value of U.S. wood exports, the first quarter showed another 8 percent rise over last year's first quarter. Softwood lumber exports during the first three months

MONTHLY STATISTICAL HIGHLIGHTS

Housing starts fell in April to a seasonally-adjusted annual rate of 1.699 million, but single-family starts accounted for 73.6 percent.

U.S. softwood lumber production was up 13.7 percent during the first quarter, when compared with the same period last year.

The value of hardwood logs exported in March rose 48.8 percent from February.

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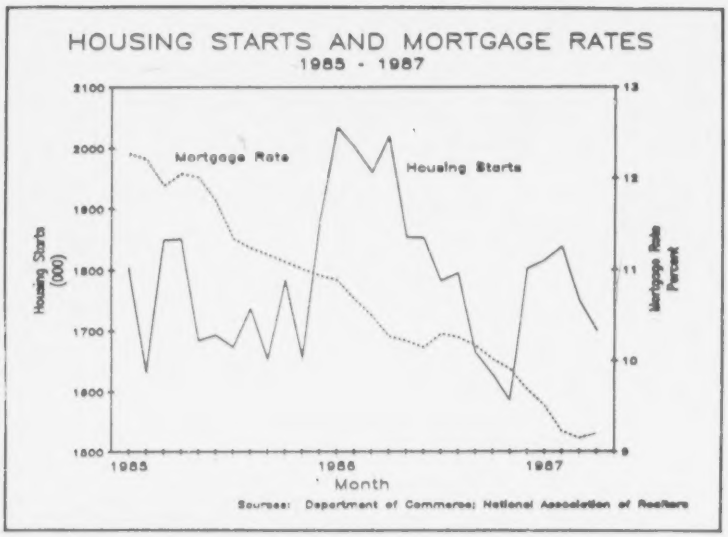


Figure 1: Housing starts averaged 1.75 million during the past four years. The average effective mortgage rate was 11.7 percent.

totaled 548 million board feet, up 16.5 percent from last year. Hardwood lumber exports were up 24 percent, to 149 million board feet.

In April, Taiwan agreed to reduce tariffs on wood products as part of an overall agreement with the United States designed to appease concerns about Taiwan's growing trade surplus with this country. The tariffs for most wood products were reduced immediately by half. Further reductions are slated for 1988. The move should further stimulate wood exports to Taiwan, a major customer for hardwood products and particleboard. U.S. wood products exports reached $122 million in 1986, up from $22 million just five years ago (Figure 2).

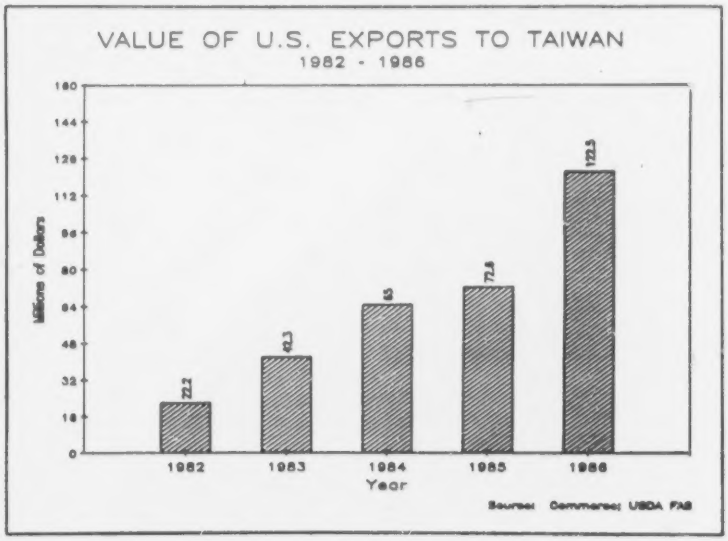


Figure 2: Wood exports to Taiwan are increasing and will be helped further by reductions in tariffs.

Softwood Imports -- A Key Element

After declining during the fourth quarter last year, primarily because of strikes in British Columbia, imports have resumed their pre-strike pace. In fact, softwood lumber imports are running 1.2 ahead of last year's first quarter. However, U.S. shipments are up by 13.5 percent. Although some of this lumber is heading off-shore, U.S. producers are capturing greater domestic market share this year.

As we go to press, Canada has yet to enact legislation authorizing an export tax on softwood lumber shipments to the U.S.. The export tax was part of a softwood lumber agreement reached late last year between the U.S. and Canada. To date, compliance with the export tax has been entirely voluntary for Canadian producers. Passage of the authorizing legislation is anticipated before the end of this month, but the Canadians are also pressing for negotiations to revisit the agreement. They seek to exempt additional categories of lumber products from the tax.

If the NFPA forecast proves correct, overall U.S. consumption of softwood lumber will decline by 5 percent. A combination of a fully enforced export tax, a change in the Canadian exchange rate (albeit only a slight change), and increased opportunities for Canadian off-shore exports should result in a reduction of U.S. market share for imports. During the first quarter, Canadian imports accounted for 29 percent of

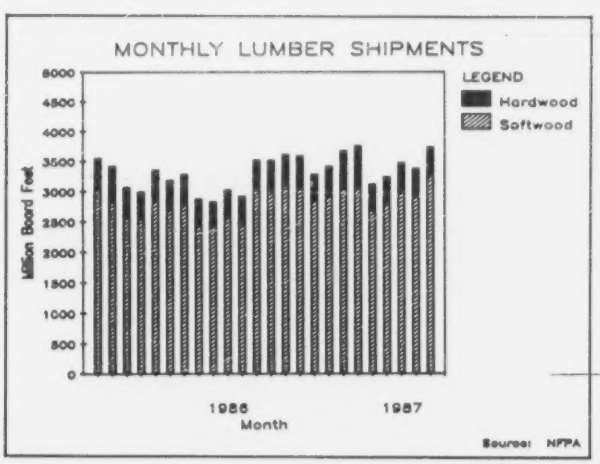
ECONOMICS MONTHLY

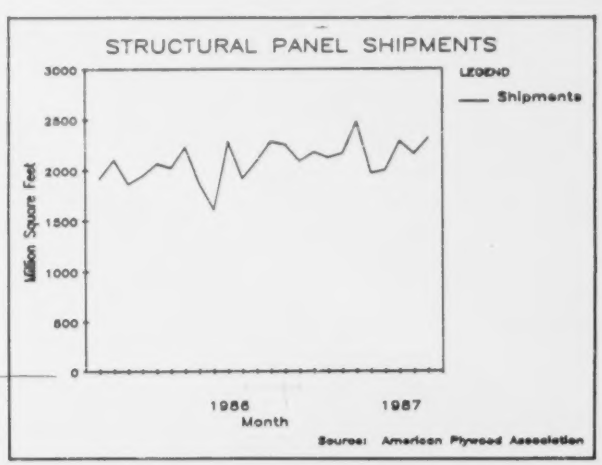
MONTHLY STATISTICAL SUPPLEMENT

Issued: May 29, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	MARCH, 1987			MARCH 31, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
	(Million Board Feet)				
SOFTWOOD LUMBER					
Southern Pine Region	1,008	997	977	828	1,992
Douglas Fir Region	966	928	977	797	1,074
Western Pine Region	1,035	1,010	1,014	594	1,382
California Redwood Region	177	162	142	107	— 437
Other Softwoods	163	158	159	276	318
TOTAL SOFTWOODS	3,349	3,255	3,269	2,602	5,203
% Change - February 1987	13.0%	12.6%	11.1%	0.5%	1.8%
% Change - March 1986	15.3%	7.7%	4.4%	9.4%	6.2%
HARDWOOD LUMBER					
Southern Hardwood Region	179	215	202	280	733
Appalachian Hardwood Reg.	51	66	67	*	*
Other Hardwoods	163	199	191	232	671
TOTAL HARDWOODS	393	480	460	512	1,404
% Change - February 1987	-3.7%	-1.0%	-2.7%	-3.9%	-5.8%
% Change - March 1986	-18.5%	-4.4%	-15.4%	4.1%	-19.4%
TOTAL LUMBER	3,742	3,735	3,729	3,114	6,607
% Change - February 1987	11.0%	10.6%	9.2%	-0.2%	0.1%
% Change - March 1986	10.5%	6.0%	1.5%	8.5%	-0.5%
* Included in Other Hardwoods					
	(Thousand Feet)				
FLOORING					
Oak Flooring (Bd. Ft.)	NA	14,588	NA	11,477	6,229
Maple Flooring (Sq. Ft.)	1,028	929	925	3,033	2,255
STRUCTURAL PANELS (Sq. Ft.)	2,365,869	2,311,525	2,360,530	795,773	462,000
% Change - February 1987	8.5%	7.2%	14.3%	6.6%	13.2%
% Change - March 1986	12.9%	10.7%	5.7%	1.5%	48.6%





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YEAR-TO-DATE INDICATORS

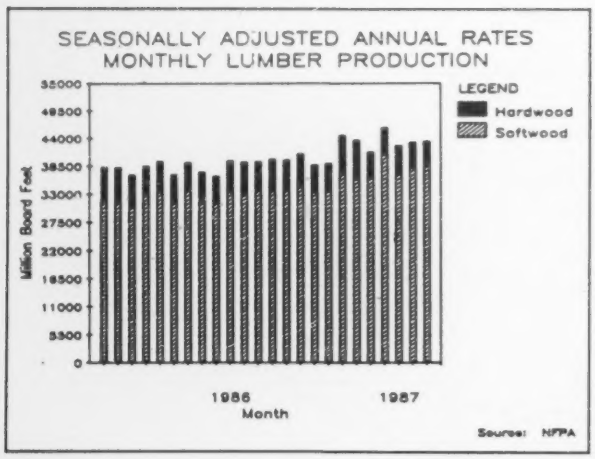
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	3 mo.'87	3 mo.'86	3 mo.'87	3 mo.'86	3 mo.'87	3 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	10,522	9.3%	10,586	11.8%	10,976	10.1%
TOTAL SOFTWOOD	9,281	13.7%	9,121	13.5%	9,505	12.7%
TOTAL HARDWOOD	1,241	-15.1%	1,465	1.9%	1,471	-4.6%
	(Million Square Feet)					
STRUCTURAL PANELS	6,800	7.7%	6,751	7.5%	6,900	8.1%

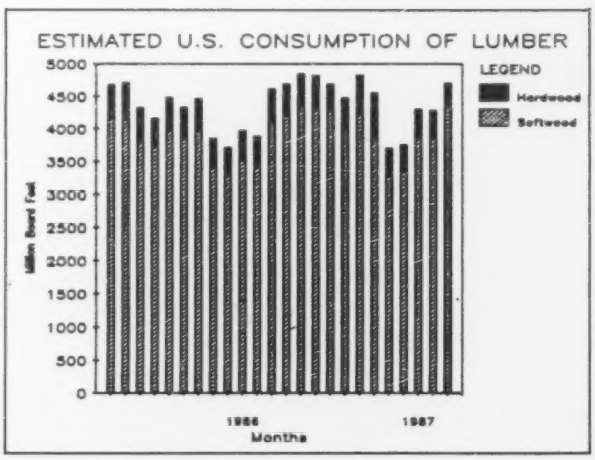
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Mar. '87	Feb. '87	Mar. '86	Mar. '87	Feb. '87	Mar. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	11,922	-2.9%	1.3%	11,684	-9.9%	-2.6%
Douglas Fir	10,661	7.9%	23.5%	10,764	3.7%	10.2%
Western Pine	12,118	-0.2%	23.8%	12,738	2.4%	16.9%
Calif. Redwood	2,104	6.2%	17.2%	2,050	0.4%	12.5%
Other Softwoods	1,936	2.6%	15.6%	1,925	-1.7%	7.5%
TOTAL SOFTWOODS	38,742	1.5%	15.1%	39,160	-1.6%	8.0%
TOTAL HARDWOODS	4,650	-7.4%	-18.5%	5,549	-5.4%	-4.4%
TOTAL LUMBER	43,392	0.5%	10.2%	44,709	-2.1%	6.2%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Mar. '87	Feb. '87	Mar. '86	3 mo.'87	3 mo.'86
	(Million Board Feet)				
Total Consumption	4,706	9.8%	1.9%	13,299	6.5%
Softwood Consumption	4,363	13.2%	5.8%	12,074	9.2%
Hardwood Consumption	344	-20.9%	-30.4%	1,225	-13.8%

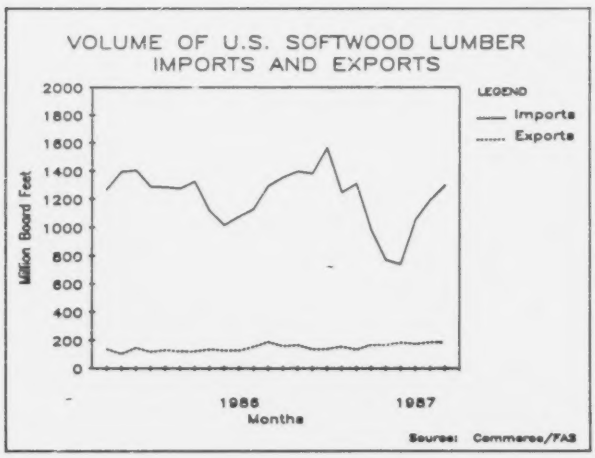


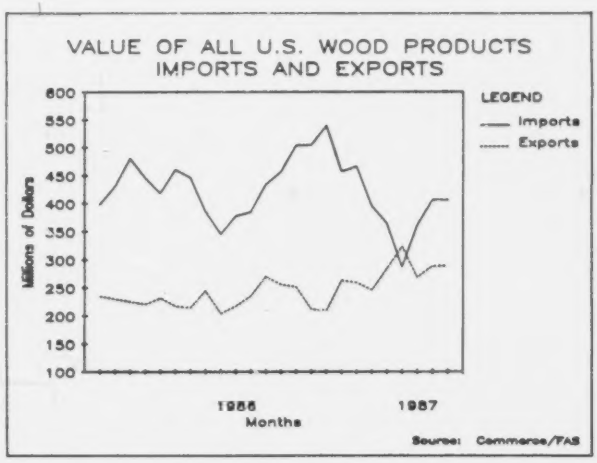


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Mar. '87	3 mo. 1987	% Change From Feb. '87	% Change From 3 mo. 1986	Mar. '87	3 mo. 1987	% Change From Feb. '87	% Change From 3 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	187.3	548.2	0.0%	16.4%	71,251	197,142	6.8%	31.3%
To Canada	MMBF	31.9	94.0	4.2%	8.2%	8,144	23,623	10.5%	11.1%
SOFTWOOD LOGS	MMBF	343.1	940.7	5.9%	8.2%	114,450	314,940	4.6%	17.3%
SOFTWOOD PLYWOOD	MMSF 3/8"	87.9	286.0	18.2%	38.1%	19,540	64,097	25.6%	45.0%
HARDWOOD LUMBER	MMBF	54.2	148.6	11.1%	32.7%	34,612	95,194	10.9%	22.6%
HARDWOOD LOGS	MMBF	15.6	39.7	22.8%	6.9%	16,462	36,876	48.8%	17.2%
HARDWOOD VENEER	MMSFsurf	122.4	305.0	29.0%	41.9%	10,382	25,599	26.0%	46.0%
PARTICLEBOARD	MMSF 3/4"	22.8	54.8	22.2%	36.5%	4,971	11,638	30.1%	56.5%
ALL OTHER		NA	NA	NA	NA	52,445	133,000	25.2%	9.5%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	325,625	882,834	12.7%	22.4%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,295.0	3,537.8	8.8%	1.1%	269,671	697,111	17.4%	1.9%
From Canada	MMBF	1,285.6	3,502.5	9.6%	1.2%	266,523	688,489	17.9%	1.6%
SOFTWOOD LOGS	MMBF	2.3	4.5	25.0%	-29.3%	996	1,670	75.0%	114.9%
SOFTWOOD PLYWOOD	MMSF 3/8"	10.3	28.0	-6.1%	-3.1%	2,612	7,524	-4.5%	-8.7%
HARDWOOD LUMBER	MMBF	32.7	87.6	10.3%	-8.4%	19,132	49,444	19.7%	18.3%
HARDWOOD LOGS	MMBF	0.6	5.2	-82.0%	26.3%	205	721	-29.6%	-17.5%
HARDWOOD VENEER	MMSFsurf	133.9	396.5	-12.1%	-5.5%	11,428	30,433	10.0%	7.3%
HARDWOOD PLYWOOD	MMSFsurf	335.3	950.5	8.9%	-13.9%	45,775	128,228	11.3%	-6.0%
HARDBOARD	MMSF 1/8"	80.6	196.2	13.1%	-18.7%	5,780	14,650	6.3%	-5.2%
PARTICLEBOARD	MSF 3/4"	112.2	315.9	15.3%	35.6%	11,064	31,028	12.3%	-4.3%
ALL OTHER		NA	NA	NA	NA	107,610	280,452	19.6%	13.7%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	474,646	1,242,093	16.8%	3.9%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.





VALUE OF NEW CONSTRUCTION

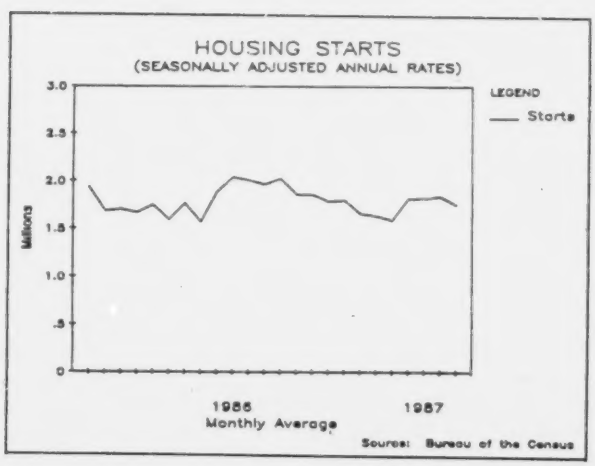
	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Mar. '87	Feb. '87	Mar. '86	3 mo. '87	3 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	27.9	10.7%	3.6%	78.5	2.3%
Private	23.1	11.1%	2.4%	64.8	0.9%
Residential	13.6	18.3%	10.8%	37.1	11.2%
Nonresidential & Other	9.5	2.2%	-7.7%	27.7	-10.1%
Public	4.8	9.1%	9.5%	13.8	9.8%

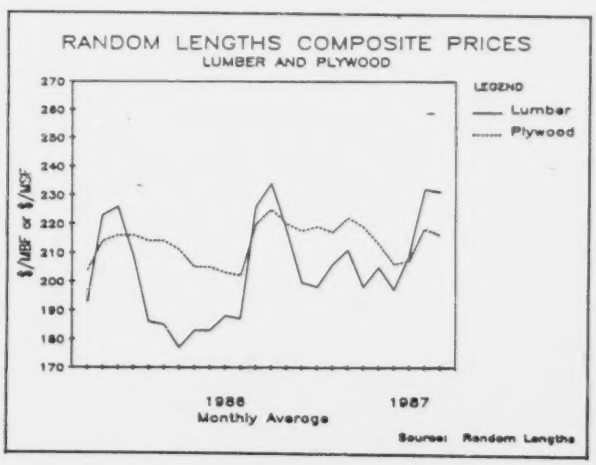
HOUSING STARTS

	Mar. '87	Feb. '87	Mar. '86	3 mo. '87	3 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	142.5	38.6%	-5.7%	350.4	-6.4%
New Private Starts	142.4	38.5%	-5.7%	350.3	-6.3%
Seas. Adj. Annual Rate	1,749.0	-4.8%	-7.3%		
One-Family Housing Starts	101.1	40.8%	4.2%	242.1	3.4%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	19,600.0	0.2	(0.0)	51,900	-10.7%

INDUSTRY EMPLOYMENT

	Mar. '87	% Change From	
		Feb. '87	Mar. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	102,026	0.2%	2.6%
All Manufacturing Industries	19,190	-0.1%	-0.3%
Lumber and Wood Products	752	-0.4%	5.2%
Furniture and Fixtures	504	0.2%	2.2%



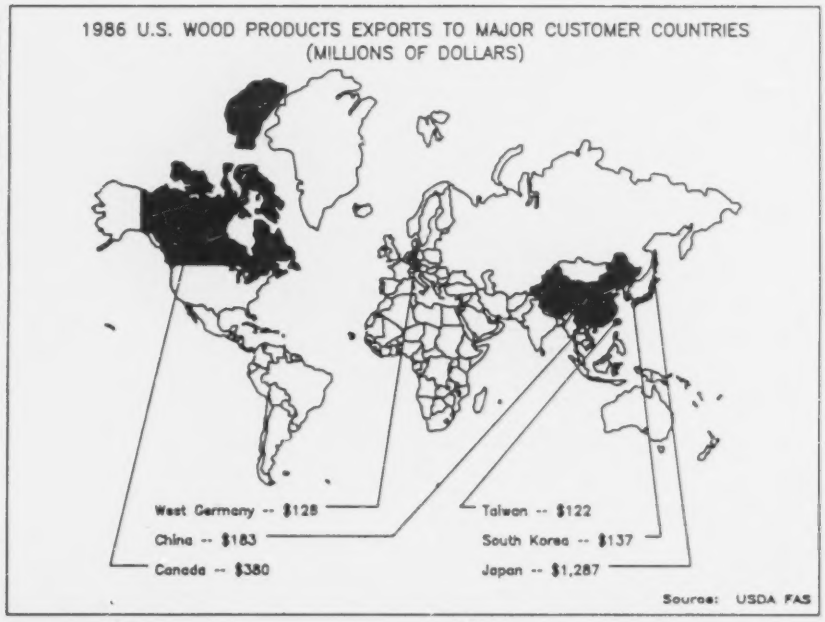


ECONOMICS MONTHLY

QUARTERLY STATISTICAL SUPPLEMENT

Issued: May, 1987

GRAPHICAL ABSTRACT



While Canada is America's largest North American customer, Pacific Rim countries lead the list of major off-shore markets.

ESTIMATED REGIONAL SOURCES OF DOMESTIC LUMBER CONSUMPTION (Net Imports Allocated)

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
1977	8,774	14,081	11,626	2,026	4,302	40,809	3,158	3,732	6,890	47,699
1978	9,096	15,133	11,559	1,849	5,003	42,640	3,242	3,755	6,997	49,637
1979	9,060	14,248	10,553	1,729	5,018	40,608	3,342	3,597	6,939	47,547
1980	7,757	11,461	8,509	1,563	4,542	33,832	3,028	3,244	6,272	40,104
1981	8,177	10,828	7,760	1,463	3,836	32,064	3,202	2,653	5,855	37,919
1982	8,232	10,381	7,316	1,327	3,917	31,173	2,031	3,066	5,098	36,270
1983	10,233	14,108	8,848	1,558	4,995	39,742	2,121	3,276	5,397	45,138
1984	10,402	15,672	9,606	1,643	5,534	42,857	2,459	3,377	5,836	48,693
1985*										
1ST QUARTER	2,367	3,747	2,017	378	1,310	9,818	631	872	1,503	11,321
2ND QUARTER	2,920	4,462	2,601	488	1,650	12,121	672	939	1,612	13,733
3RD QUARTER	2,700	4,240	2,684	429	1,535	11,590	618	779	1,397	12,986
4TH QUARTER	2,493	3,944	2,446	384	1,448	10,714	613	710	1,323	12,037
TOTAL YEAR	10,480	16,393	9,748	1,679	5,942	44,243	2,534	3,300	5,834	50,077
1986*										
1ST QUARTER	2,768	4,079	2,362	374	1,478	11,061	690	730	1,421	12,482
2ND QUARTER	2,979	4,733	2,837	558	1,737	12,844	657	869	1,526	14,370
3RD QUARTER	2,971	4,424	2,916	491	1,679	12,481	627	898	1,525	14,006
4TH QUARTER	2,596	3,481	2,705	469	1,174	10,425	613	1,928	2,541	12,966
TOTAL YEAR	11,313	16,718	10,820	1,892	6,068	46,811	2,588	4,425	7,013	53,825
1987*										
1ST QUARTER	2,896	4,353	2,771	476	1,579	12,074	608	617	1,225	13,299
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
TOTAL YEAR	2,896	4,353	2,771	476	1,579	12,074	608	617	1,225	13,299

* SUBJECT TO REVISION
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHERS.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED REGIONAL LUMBER PRODUCTION, SHIPMENTS AND NEW ORDERS

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	APPALACHIAN HARDWOOD	OTHER HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
PRODUCTION											
1977	8,879	8,796	10,309	2,000	1,753	31,737	3,073	1,211	2,417	6,701	38,438
1978	9,231	8,845	10,033	1,902	2,046	32,057	3,258	1,233	2,540	7,031	39,088
1979	9,283	8,427	9,780	1,818	2,124	31,432	3,462	1,263	2,589	7,314	38,746
1980	8,217	6,815	7,613	1,589	2,012	26,246	3,341	1,221	2,553	7,115	33,361
1981	8,415	6,270	7,147	1,452	1,392	24,676	3,374	1,237	1,641	6,252	30,928
1982	8,754	5,743	6,681	1,300	1,309	23,787	2,061	802	2,398	5,062	28,849
1983	10,181	7,934	8,488	1,580	1,543	29,726	2,245	785	2,614	5,644	35,370
1984	10,674	8,329	8,992	1,664	1,515	31,174	2,642	985	2,635	6,262	37,436
1985*											
1ST QUARTER	2,471	1,970	2,009	448	353	7,251	635	248	625	1,508	8,759
2ND QUARTER	2,906	2,016	2,405	451	397	8,175	700	279	692	1,671	9,846
3RD QUARTER	2,771	2,039	2,539	445	398	8,192	657	218	620	1,495	9,687
4TH QUARTER	2,582	2,037	2,323	386	375	7,703	635	159	563	1,357	9,060
TOTAL YEAR	10,730	8,062	9,276	1,730	1,523	31,321	2,628	904	2,500	6,031	37,352
1986*											
1ST QUARTER	2,801	2,196	2,329	443	397	8,166	715	141	606	1,462	9,628
2ND QUARTER	3,041	2,291	2,640	510	433	8,915	691	236	656	1,583	10,498
3RD QUARTER	3,010	2,193	2,851	498	436	8,988	658	258	648	1,564	10,552
4TH QUARTER	2,753	2,328	2,667	487	421	8,656	600	773	973	2,346	11,002
TOTAL YEAR	11,605	9,008	10,487	1,938	1,687	34,725	2,664	1,408	2,883	6,955	41,680
1987*											
1ST QUARTER	2,971	2,580	2,758	521	451	9,281	557	170	514	1,241	10,522
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	2,971	2,580	2,758	521	451	9,281	557	170	514	1,241	10,522
SHIPMENTS											
1977	8,932	8,781	10,295	2,075	1,759	31,842	3,114	1,225	2,450	6,789	38,631
1978	9,226	8,906	10,067	1,884	2,051	32,134	3,248	1,230	2,530	7,008	39,142
1979	9,255	8,412	9,696	1,760	2,111	31,234	3,326	1,216	2,487	7,029	38,263
1980	8,018	6,821	7,807	1,590	2,012	26,248	3,119	1,142	2,387	6,648	32,896
1981	8,388	6,270	7,183	1,501	1,395	24,737	3,313	1,182	1,602	6,097	30,834
1982	8,464	5,793	6,775	1,349	1,303	23,684	2,127	634	2,488	5,249	28,935
1983	10,214	7,802	8,264	1,582	1,528	29,390	2,312	829	2,708	5,849	35,239
1984	10,574	8,409	9,014	1,673	1,516	31,186	2,555	940	2,540	6,035	37,221
1985*											
1ST QUARTER	2,404	1,914	1,914	381	338	6,951	633	245	622	1,500	8,451
2ND QUARTER	2,964	2,131	2,441	492	410	8,438	677	266	666	1,609	10,047
3RD QUARTER	2,740	2,003	2,546	433	394	8,116	628	201	588	1,417	9,533
4TH QUARTER	2,536	2,029	2,320	389	371	7,645	631	157	559	1,347	8,992
TOTAL YEAR	10,644	8,077	9,221	1,695	1,513	31,150	2,569	869	2,435	5,873	37,023
1986*											
1ST QUARTER	2,810	2,174	2,282	377	391	8,034	704	138	596	1,438	9,472
2ND QUARTER	3,029	2,399	2,739	560	446	9,173	681	230	645	1,556	10,729
3RD QUARTER	3,011	2,069	2,788	494	428	8,790	666	262	657	1,585	10,375
4TH QUARTER	2,642	2,276	2,652	472	411	8,453	642	872	1,072	2,586	11,039
TOTAL YEAR	11,492	8,918	10,461	1,903	1,676	34,450	2,693	1,502	2,970	7,165	41,615
1987*											
1ST QUARTER	2,989	2,495	2,714	479	444	9,121	648	210	607	1,465	10,586
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	2,989	2,495	2,714	479	444	9,121	648	210	607	1,465	10,586
NEW ORDERS											
1977	8,970	8,712	10,331	2,119	1,762	31,894	3,163	1,244	2,488	6,895	38,789
1978	9,273	8,894	9,946	1,847	2,043	32,003	3,288	1,239	2,560	7,087	39,090
1979	9,273	8,388	9,630	1,664	2,098	31,053	3,250	1,184	2,429	6,863	37,916
1980	7,964	6,791	7,730	1,563	1,996	26,044	3,060	1,118	2,338	6,516	32,560
1981	8,433	6,200	7,076	1,501	1,387	24,597	3,341	1,198	1,617	6,156	30,753
1982	8,510	5,976	6,880	1,388	1,325	24,079	2,123	650	2,495	5,268	29,335
1983	10,417	7,864	8,350	1,573	1,544	29,748	2,344	834	2,741	5,919	35,667
1984	10,342	8,296	9,011	1,640	1,496	30,785	2,524	944	2,520	5,988	36,773
1985*											
1ST QUARTER	2,358	1,935	1,920	391	338	6,942	659	246	641	1,546	8,488
2ND QUARTER	2,974	2,105	2,528	502	415	8,524	653	258	644	1,555	10,079
3RD QUARTER	2,864	2,012	2,506	394	397	8,173	638	207	598	1,443	9,616
4TH QUARTER	2,567	1,992	2,293	395	370	7,617	624	156	553	1,333	8,950
TOTAL YEAR	10,763	8,044	9,247	1,682	1,520	31,256	2,574	867	2,436	5,877	37,133
1986*											
1ST QUARTER	2,897	2,291	2,403	431	409	8,431	757	146	639	1,542	9,973
2ND QUARTER	2,965	2,206	2,642	529	427	8,769	674	224	636	1,534	10,303
3RD QUARTER	2,972	2,214	2,848	463	435	8,932	664	275	666	1,605	10,537
4TH QUARTER	2,689	2,347	2,587	515	416	8,554	647	879	1,080	2,606	11,160
TOTAL YEAR	11,523	9,058	10,480	1,938	1,687	34,686	2,742	1,524	3,021	7,287	41,973
1987*											
1ST QUARTER	3,107	2,624	2,856	456	462	9,505	651	210	610	1,471	10,976
2ND QUARTER											
3RD QUARTER											
4TH QUARTER											
TOTAL YEAR	3,107	2,624	2,856	456	462	9,505	651	210	610	1,471	10,976

* SUBJECT TO REVISION.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING

IMPORTS AND EXPORTS OF LUMBER

IMPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	OTHER FIR	HEMLOCK	SPRUCE	PINE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES (SAWED)	TOTAL LUMBER
1977	990.7	299.4	1,219.2	5,361.6	1,795.5	537.7	22.2	154.0	10,380.3	341.1	7.4	10,728.8
1978	976.2	508.9	1,219.8	6,312.9	1,916.9	657.5	41.8	190.6	11,824.6	361.4	12.3	12,198.3
1979	827.3	588.3	912.3	6,740.4	1,182.5	637.8	35.4	193.7	11,117.7	376.2	29.3	11,523.2
1980	559.0	440.8	627.8	6,167.9	1,023.9	543.4	20.7	156.6	9,540.1	293.2	31.3	9,864.6
1981	483.3	534.7	467.0	6,010.7	941.7	574.4	17.0	175.9	9,204.7	291.1	24.9	9,520.7
1982	504.3	460.7	293.9	6,341.2	801.6	539.0	28.8	149.4	9,118.9	211.0	26.2	9,356.0
1983	600.3	708.6	416.7	8,354.4	919.8	664.1	73.5	239.9	11,977.4	260.5	12.5	12,250.4
1984	603.0	765.1	514.9	9,471.4	901.6	704.1	35.0	275.0	13,270.2	327.7	24.2	13,622.2
1985												
1ST QUARTER	154.6	189.1	171.1	2,257.0	165.8	210.2	26.9	66.9	3,241.6	105.9	3.2	3,350.7
2ND QUARTER	205.9	200.0	185.6	2,907.4	237.8	233.3	10.2	89.2	4,069.3	96.1	11.8	4,177.2
3RD QUARTER	247.4	236.0	151.0	2,685.4	215.0	203.7	14.0	89.3	3,841.8	85.3	7.7	3,984.8
4TH QUARTER	157.1	166.8	136.2	2,543.6	198.6	160.7	16.0	76.1	3,455.1	76.3	5.1	3,536.4
TOTAL YEAR	765.1	791.8	643.9	10,393.4	817.2	807.9	67.1	321.5	14,607.8	363.6	27.7	14,999.1
1986												
1ST QUARTER	157.2	166.5	128.4	2571.0	152.3	208.1	27.3	87.2	3498.0	95.6	3.8	3597.4
2ND QUARTER	179.1	238.0	154.9	2957.5	180.3	269.8	30.4	119.1	4129.1	88.9	10.0	4228.0
3RD QUARTER	225.7	254.6	140.1	2967.9	222.3	207.3	18.7	82.2	4118.9	75.8	5.4	4200.1
4TH QUARTER	124.1	108.9	65.0	1892.6	113.7	115.3	26.0	46.4	2492.1	86.6	4.0	2582.7
TOTAL YEAR	686.2	768.0	488.4	10389.1	668.7	800.6	102.4	334.9	14238.2	346.9	23.1	14608.2
1987												
1ST QUARTER	117.4	171.1	103.6	2701.1	131.4	184.7	14.5	114.0	3537.8	87.6	3.9	3629.3
2ND QUARTER												
3RD QUARTER												
4TH QUARTER												
TOTAL YEAR	117.4	171.1	103.6	2701.1	131.4	184.7	14.5	114.0	3537.8	87.6	3.9	3629.3

EXPORTS OF LUMBER \1

(MILLION BOARD FEET)

	SOFTWOODS											
	DOUGLAS FIR	SOUTHERN PINE	PONDEROSA/ WHITE PINE	REDWOOD	HEMLOCK	SPRUCE	CEDAR	OTHER	SPECIAL \2 PRODUCTS	TOTAL SOFTWOOD	TOTAL \3 HARDWOOD	RAILROAD TIES \4 (SAWED)	TOTAL \5 LUMBER
1977	488.3	157.8	195.0	48.1	264.2	150.7	61.3	47.0	-----	1,412.4	226.1	19.2	1,657.7
1978	456.9	130.5	136.9	34.3	272.5	135.4	59.2	120.1	23.1	1,368.9	320.1	25.8	1,714.8
1979	505.4	195.1	147.7	30.1	463.7	151.1	56.0	179.4	16.2	1,744.7	306.6	90.5	2,141.8
1980	520.8	261.4	168.1	27.3	511.2	136.4	62.0	248.6	20.2	1,956.0	378.6	128.3	2,462.9
1981	509.0	211.2	223.8	37.7	390.2	141.4	66.9	280.6	16.8	1,877.6	405.7	88.8	2,372.1
1982	457.2	231.8	140.8	22.5	391.7	124.9	40.5	206.0	14.8	1,630.2	356.2	34.4	2,020.8
1983	559.3	208.4	197.3	24.0	376.2	113.9	46.8	207.8	10.8	1,744.5	478.2	47.2	2,269.9
1984	532.1	172.4	174.1	30.1	337.4	98.1	39.2	202.7	13.1	1,599.3	466.5	84.6	2,150.4
1985													
1ST QUARTER	117.5	37.0	37.8	3.4	101.5	21.1	6.3	47.0	2.8	374.4	102.7	3.6	480.7
2ND QUARTER	130.4	44.4	42.1	3.8	83.2	17.2	7.0	55.2	2.8	385.9	97.3	7.7	490.9
3RD QUARTER	113.2	39.5	44.4	3.5	78.2	14.2	6.4	65.5	3.1	368.1	96.3	17.1	481.4
4TH QUARTER	114.4	43.5	43.4	5.0	101.5	8.4	7.8	61.0	1.9	387.0	100.8	4.5	492.3
TOTAL YEAR	475.6	164.4	167.7	15.7	364.4	60.8	27.4	228.7	10.6	1,515.4	397.1	32.9	1,945.3
1986													
1ST QUARTER	135.9	42.2	49.7	2.9	130.1	24.6	6.8	76.2	2.4	470.9	112.0	4.5	587.4
2ND QUARTER	130.1	50.3	54.9	2.1	121.0	23.2	7.8	66.0	2.4	457.9	122.8	6.0	586.7
3RD QUARTER	106.3	40.1	60.8	2.8	115.4	19.0	12.4	66.7	4.1	427.7	135.0	6.1	568.8
4TH QUARTER	140.1	46.1	43.9	3.1	165.5	27.2	11.2	80.4	3.1	520.5	128.5	6.7	655.8
TOTAL YEAR	512.4	178.6	209.4	10.9	532.0	94.0	38.2	289.4	12.0	1,877.0	498.3	23.3	2,398.6
1987													
1ST QUARTER	167.1	58.6	54.7	3.4	142.1	19.0	12.3	88.7	2.2	548.2	148.6	6.9	703.6
2ND QUARTER													
3RD QUARTER													
4TH QUARTER													
TOTAL YEAR	167.1	58.6	54.7	3.4	142.1	19.0	12.3	88.7	2.2	548.2	148.6	6.9	703.6

1. Sawed timber, board planks and scantlings, flooring, box shook and railroad ties.
2. Includes siding and softwood lumber drilled or treated. Beginning 1978 includes siding and flooring. For exports, figures not available prior to 1978.
3. Includes hardwood flooring, siding and hardwood lumber drilled or treated.
4. Includes a small amount of hewn railroad ties. Beginning with 1978 includes mine timber.
5. Includes box shook: 1973 - 4.4 mbf; 1974 - 6.1 mbf; 1975 - 4.1 mbf; 1976 - 6.0 mbf; 1977 - 5.8 mbf. Beginning with 1978 box shook is reported in appropriate species.

SOURCE: Foreign Agricultural Service, U.S. Department of Agriculture; Forest Products Division, BIE, U.S. DOC, from data of the Foreign Trade Division.

NOTE: DETAILS MAY NOT ADD TO TOTALS DUE TO ROUNDING.

ESTIMATED GROSS LUMBER MILL STOCKS AND UNFILLED ORDERS BY REGION

(MILLION BOARD FEET)

	SOUTHERN PINE	DOUGLAS FIR	WESTERN PINE	CALIFORNIA REDWOOD	OTHER SOFTWOOD	TOTAL SOFTWOOD	SOUTHERN HARDWOOD	OTHER** HARDWOOD	TOTAL HARDWOOD	TOTAL LUMBER
GROSS MILL STOCKS										
DECEMBER 31ST										
1977	1,192	964	1,329	359	265	4,109	412	385	797	4,906
1978	1,197	903	1,295	377	260	4,032	422	398	820	4,852
1979	1,225	918	1,379	435	273	4,230	558	547	1,105	5,335
1980	1,424	912	1,185	434	273	4,228	780	792	1,572	5,800
1981	1,451	912	1,149	385	270	4,167	841	886	1,727	5,894
1982	1,741	862	1,055	336	276	4,270	775	764	1,539	5,809
1983	1,708	994	1,279	334	291	4,606	708	626	1,334	5,940
1984	1,808	914	1,257	325	290	4,594	795	765	1,561	6,155
1985*										
1ST QUARTER	1,875	970	1,352	392	305	4,894	797	772	1,569	6,463
2ND QUARTER	1,817	855	1,316	351	292	4,631	820	811	1,631	6,262
3RD QUARTER	1,848	891	1,309	363	296	4,707	849	860	1,709	6,416
4TH QUARTER	1,894	899	1,312	360	300	4,765	853	866	1,719	6,484
1986*										
1ST QUARTER	1,885	921	1,359	426	306	4,897	864	879	1,743	6,640
2ND QUARTER	1,897	813	1,260	376	293	4,639	874	896	1,770	6,409
3RD QUARTER	1,896	937	1,323	380	301	4,837	866	883	1,749	6,586
4TH QUARTER	2,007	989	1,338	395	311	5,040	824	685	1,509	6,549
1987*										
1ST QUARTER	1,992	1,074	1,382	457	318	5,203	733	671	1,404	6,607
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
ESTIMATED UNFILLED ORDERS										
DECEMBER 31ST										
1977	488	565	590	271	267	2,181	292	214	506	2,687
1978	535	553	469	234	259	2,050	332	253	585	2,635
1979	553	529	403	138	246	1,869	256	163	419	2,288
1980	499	499	326	111	230	1,665	197	90	287	1,952
1981	544	429	219	111	222	1,525	225	121	346	1,871
1982	590	612	324	150	244	1,920	221	144	365	2,285
1983	793	674	410	141	260	2,278	253	182	435	2,713
1984	561	561	407	108	240	1,877	222	166	388	2,449
1985*										
1ST QUARTER	515	582	413	118	240	1,868	248	186	434	2,302
2ND QUARTER	525	556	500	128	245	1,954	224	156	380	2,334
3RD QUARTER	649	565	460	89	248	2,011	234	172	406	2,417
4TH QUARTER	680	528	433	95	247	1,983	227	165	392	2,375
1986*										
1ST QUARTER	766	645	554	149	265	2,379	280	216	496	2,875
2ND QUARTER	702	452	457	118	246	1,975	273	201	474	2,449
3RD QUARTER	663	597	517	87	253	2,117	272	223	495	2,612
4TH QUARTER	710	668	452	130	258	2,218	277	238	515	2,733
1987*										
1ST QUARTER	828	797	594	107	276	2,602	280	232	512	3,114
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										
UNFILLED ORDERS IN RELATION TO GROSS MILL STOCKS (Unfilled Orders As Percentage of Mill Stocks)										
1977	41%	59%	44%	75%	101%	53%	71%	56%	63%	55%
1978	45%	61%	36%	62%	100%	51%	79%	64%	71%	54%
1979	45%	58%	29%	32%	90%	44%	46%	30%	38%	43%
1980	35%	55%	28%	26%	84%	39%	25%	11%	18%	34%
1981	37%	47%	19%	29%	82%	37%	27%	14%	20%	32%
1982	34%	71%	31%	45%	88%	45%	29%	19%	24%	39%
1983	46%	68%	32%	42%	89%	49%	36%	29%	33%	46%
1984	31%	61%	32%	33%	83%	41%	28%	22%	25%	40%
1985*										
1ST QUARTER	27%	60%	31%	30%	79%	38%	31%	24%	28%	36%
2ND QUARTER	29%	65%	38%	36%	84%	42%	27%	19%	23%	37%
3RD QUARTER	35%	63%	35%	25%	84%	43%	28%	20%	24%	38%
4TH QUARTER	36%	59%	33%	26%	82%	42%	27%	19%	23%	37%
1986*										
1ST QUARTER	41%	70%	41%	35%	87%	49%	32%	25%	28%	43%
2ND QUARTER	37%	56%	36%	31%	84%	43%	31%	22%	27%	38%
3RD QUARTER	35%	64%	39%	23%	84%	44%	31%	25%	28%	40%
4TH QUARTER	35%	68%	34%	33%	83%	44%	34%	35%	34%	42%
1987*										
1ST QUARTER	42%	74%	43%	24%	87%	50%	38%	35%	36%	47%
2ND QUARTER										
3RD QUARTER										
4TH QUARTER										

* SUBJECT TO REVISION.
** INCLUDES APPALACHIAN HARDWOOD AND ALL OTHER.

SOURCE: NATIONAL FOREST PRODUCTS ASSOCIATION

NOTE: DETAILS MAY NOT ADD TO TOTALS BECAUSE OF ROUNDING.

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U.S. softwood lumber consumption, compared to 32 percent a year ago. Contrary to other industry forecasts, we believe imports will decline modestly this year.

Eventually, Deficits Will Matter

Although the federal budget deficit appears to have peaked in FY 86 at $221 billion, massive deficits are going to continue unless the spending/revenues equation gets resolved. The cumulative result of deficits over several years has made the U.S. a net debtor nation, precariously dependent upon foreigners for capital. During 1986, the total national debt exceeded $2.1 trillion. Unfortunately, a change in this situation is far from imminent, despite a lower deficit recorded during the first half of FY 87. Barring some miraculous political development, the Gramm-Rudmann-Hollings deficit target of $172 billion for FY 87 will not be met, let alone its goal of a balanced budget by 1991. And even though the federal deficit seems to be tapering, the accumulation of debt continues. Ultimately, what is done (or not done) to grapple with this basic structural problem in the economy will impact all sectors, the lumber and wood products industry included.

America's trade deficit also reached the record level last year of approximately $170 billion. Some improvement in the trade balance sheet is expected this year as a result of a weakened dollar. The lower valued dollar, however, has resulted in a higher inflation rate. The costs of foreign goods and oil are now rising. Inflation is running at annual rate of 6 percent, compared with a 3.3 percent average between 1982 and 1986.

In Summary

Cautious optimism describes the current NFPA forecast. Demand for wood products is continuing at historically high levels. The dollar situation is favorable for wood products, giving producers an opportunity to penetrate and expand overseas markets. Nominal interest rates are up, but real interest rates are down. We are keeping with expectations for at least 1.7 million starts, with a strong performance in the single-family sector. Wood products exports should rise to a total value of $3.5 billion.

Table I:
The NFPA forecast anticipates only modest declines from last year's consumption and production levels.

THE 1987 FORECAST

	1986	1987	% Change
WOOD INDUSTRY INDICATORS:			
TOTAL HOUSING STARTS (000)	1,807	1,700	-5.9
Single-Family Housing Starts (000)	1,179	1,180	Negligible
Multi-Family Housing Starts (000)	626	520	-16.9
Mobile Home Shipments (000)	244	250	2.5
Other Construction (Bil 1982 $)	178	160	-10.1
Industrial Prod. Index (1977 = 100)	125	129	3.2
FRB Furn. & Fix. Index (1977 = 100)	147	150	2.0
OTHER INDICATORS:			
Change in Real GNP	2.5%	3.0%	
Change in Consumer Prices	1.1%	6.0%	
Effective Mortgage Rate (FHLBB)	10.2%	11.5%	

PRODUCTION AND TRADE:	Softwood Lumber (MMBF)	Hardwood Lumber (MMBF)	Structural Panels (MMSF)	Particlebd & MDF (MMSF)
1986 U.S. Consumption	46,811	7,013	24,658	4,337
- Imports	14,238	347	828	126
+ Exports	1,877	498	596	172
= Shipments	34,450	7,164	24,426	4,383
+/- Inventory Change	275	(210)	40	-
= PRODUCTION	34,725	6,954	24,466	4,383
1987 FORECAST				
U.S. Consumption	44,735	6,276	23,400	4,174
- Imports	13,800	325	900	110
+ Exports	2,160	600	830	225
= Shipments	33,095	6,551	23,330	4,289
+/- Inventory Change	-	-	-	-
= PRODUCTION	33,095	6,551	23,330	4,289

COFI REPORTS DESTINATION OF CANADIAN LUMBER SHIPMENTS

The following table details estimates of Canadian shipments of softwood lumber to the U.S. in 1986.

The Council of Forest Industries (COFI) estimates that 45 percent of Canadian shipments moved by road; 42 percent by rail; and 13 percent by water.

CANADIAN SOFTWOOD LUMBER SHIPMENTS TO THE UNITED STATES

	PERCENT OF TOTAL	TOTAL SHIPMENTS		1986 SHIPMENTS FROM:				
		1986	1985	B.C.	PRAIRIES	ONTARIO	QUEBEC	MARITIMES
TOTAL U.S.	100.0	13,944,146	14,287,009	7,807,532	849,493	2,840,999	2,149,930	272,657
Florida	6.5	909,634	886,157	876,891	8,172	10,196	13,652	723
New York	6.1	856,486	866,883	253,810	7,163	278,083	291,413	26,017
Georgia	6.1	854,571	823,298	757,787	20,069	39,697	32,971	4,047
Massachusetts	5.9	827,877	867,989	238,025	3,096	9,011	513,196	64,549
Michigan	5.5	767,419	726,763	62,934	12,528	585,024	105,756	1,177
Pennsylvania	5.1	713,769	666,732	23,091	4,493	495,030	170,966	20,189
North Carolina	4.8	674,062	604,408	517,528	77,394	38,098	38,484	2,558
Washington	4.5	630,630	711,610	624,457	2,614	1,166	2,233	160
Ohio	4.3	597,591	598,552	65,910	10,502	490,088	30,656	433
Illinois	3.9	540,331	440,232	287,509	158,284	88,672	5,750	116
Texas	3.7	520,431	777,519	459,143	54,312	2,588	2,450	1,938
New Jersey	3.2	448,136	484,628	327,026	985	14,015	100,059	6,051
California	3.1	433,340	494,750	417,521	14,788	639	286	106
Maryland	2.7	382,969	390,596	162,080	876	122,999	91,841	5,173
Minnesota	2.6	365,993	503,286	230,994	88,314	44,835	1,745	105
Indiana	2.6	363,524	349,466	51,135	63,577	229,250	19,479	83
Virginia	2.3	320,917	299,071	110,805	29,889	100,943	76,984	2,296
Wisconsin	2.2	310,015	239,298	172,015	81,810	54,380	1,810	0
Missouri	2.1	296,658	293,870	242,529	49,592	2,765	1,562	210
Montana	2.0	275,366	264,974	268,992	5,447	525	402	0
Connecticut	1.9	268,291	313,632	134,317	439	3,078	125,693	4,774
Vermont	1.9	263,574	134,313	73,953	2,217	3,333	171,747	12,324
New Hampshire	1.7	232,434	237,004	43,540	941	4,715	160,969	22,269
Oregon	1.6	229,652	303,888	206,040	10,421	6,334	6,222	635
Maine	1.5	214,479	181,771	20,050	1,519	1,169	98,672	93,069
South Carolina	1.5	208,545	146,445	177,394	10,309	6,683	14,042	117
Tennessee	1.3	187,268	224,831	134,478	19,386	24,280	9,071	53
Kentucky	1.3	178,838	198,825	73,563	15,698	77,704	11,759	114
Alabama	1.1	151,193	151,873	117,805	12,075	10,891	10,358	64
Delaware	1.0	140,124	99,549	109,467	405	19,708	9,762	782
Idaho	0.7	99,764	81,830	95,331	2,977	330	1,070	56
Rhode Island	0.7	97,802	74,456	76,339	59	434	18,908	2,062
Kansas	0.7	95,760	153,251	75,130	19,807	605	87	131
West Virginia	0.6	85,139	91,873	9,923	1,346	65,148	8,586	138
Colorado	0.6	80,487	117,186	72,282	4,834	2,964	334	73
Mississippi	0.4	54,258	81,186	49,394	2,863	1,564	437	0
Iowa	0.4	50,515	53,466	22,236	25,293	2,923	63	0
Arkansas	0.4	49,788	46,482	23,202	2,758	78	35	0
Oklahoma	0.2	31,944	49,872	28,651	3,231	62	0	0
Nebraska	0.2	24,287	41,514	16,584	7,393	202	108	0
Arizona	0.2	24,240	54,067	23,679	630	111	0	0
Louisiana	0.2	23,715	48,524	21,843	1,700	54	118	0
Alaska	0.1	20,444	37,258	20,333	27	0	72	12
Utah	0.1	14,580	33,427	13,145	1,388	20	0	27
Wyoming	0.1	11,059	10,279	9,610	1,449	0	0	0
South Dakota	0.1	10,284	17,129	3,477	6,200	607	0	0
New Mexico	N	3,203	7,149	2,829	218	0	130	26
Nevada	N	2,616	4,365	2,611	5	0	0	0
Hawaii	N	144	1,482	144	0	0	0	0

Note: (1) Canadian shipments to the U.S. do not equal NFPA reported imports because of classification and other reporting differences.
(2) Ontario and Quebec shipments include approximately 1 billion board feet originating from B.C. through "reload" centers.
N = Negligible
Source: Council of Forest Industries of British Columbia

6/15/87 A7870-3

ECONOMICS AND INFORMATION SERVICES

NFPA

June 4, 1987

MEMORANDUM

TO: NFPA Economics Monthly Subscribers

FROM: Renee Browne

SUBJECT: Corrected Table

A few errors were found in the table included on the back page of the May issue. Please find attached the corrected table.

CANADIAN SOFTWOOD LUMBER SHIPMENTS TO THE UNITED STATES

	PERCENT OF TOTAL	TOTAL SHIPMENTS		1986 SHIPMENTS FROM:				
		1986	1985	B.C.	PRAIRIES	ONTARIO	QUEBEC	MARITIMES
TOTAL U.S.	100.0	13,949,957	14,329,375	7,811,897	872,028	2,842,884	2,150,403	272,745
Florida	6.5	909,634	886,157	876,891	8,172	10,196	13,652	723
New York	6.1	856,486	866,883	253,810	7,163	278,083	291,413	26,017
Georgia	6.1	854,571	823,298	757,787	20,069	39,697	32,971	4,047
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Minnesota	2.6	365,993	503,286	230,994	88,314	44,835	1,745	105
Indiana	2.6	363,524	349,466	51,135	63,577	229,250	19,479	83
Virginia	2.3	320,917	299,071	110,805	29,889	100,943	76,984	2,296
Wisconsin	2.2	310,015	239,298	172,015	81,810	54,380	1,810	0
Missouri	2.1	296,658	293,870	242,529	49,592	2,765	1,562	210
Montana	2.0	275,366	264,974	268,992	5,447	525	402	0
Connecticut	1.9	268,291	313,632	134,317	439	3,078	125,683	4,774
Vermont	1.9	263,574	134,313	73,953	2,217	3,333	171,747	12,324
New Hampshire	1.7	232,434	237,004	43,540	941	4,715	160,969	22,269
Oregon	1.6	229,652	303,888	206,040	10,421	6,334	6,222	635
Maine	1.5	214,479	181,771	20,050	1,519	1,169	98,672	93,069
South Carolina	1.5	208,545	146,445	177,394	10,309	6,683	14,042	117
Tennessee	1.3	187,268	224,831	134,478	19,386	24,280	9,071	53
Kentucky	1.3	178,838	198,825	73,563	15,698	77,704	11,759	114
Alabama	1.1	151,193	151,873	117,805	12,075	10,891	10,358	64
Delaware	1.0	140,124	99,549	109,467	405	19,708	9,762	782
Idaho	0.7	99,764	81,830	95,331	2,977	330	1,070	56
Rhode Island	0.7	97,802	74,456	76,339	59	434	18,908	2,062
Kansas	0.7	95,760	153,251	75,130	19,807	605	87	131
West Virginia	0.6	85,139	91,873	9,923	1,346	65,146	8,586	138
Colorado	0.6	80,487	117,186	72,282	4,834	2,964	334	73
Mississippi	0.4	54,258	81,186	49,394	2,863	1,564	437	0
Iowa	0.4	50,515	53,466	22,236	25,293	2,923	63	0
Oklahoma	0.2	31,944	49,872	28,651	3,231	62	0	0
North Dakota	0.2	28,456	41,179	4,075	22,535	1,478	368	0
Arkansas	0.2	26,073	46,482	23,202	2,758	78	35	0
Arizona	0.2	24,420	54,067	23,679	630	111	0	0
Nebraska	0.2	24,287	41,514	16,584	7,393	202	108	0
Louisiana	0.2	23,715	48,524	21,843	1,700	54	118	0
Alaska	0.1	20,444	37,258	20,333	27	0	72	12
Utah	0.1	14,580	33,427	13,145	1,388	20	0	27
Wyoming	0.1	11,059	10,279	9,610	1,449	0	0	0
South Dakota	0.1	10,284	17,129	3,477	6,200	607	0	0
Washington DC	0.0	890	1787	290	0	407	105	88
New Mexico	N	3,203	7,149	2,829	218	0	130	26
Hawaii	N	144	1,482	144	0	0	0	0
Nevada	N	2,616	4,365	2,611	5	0	0	0

Note: (1) Canadian shipments to the U.S. do not equal NFPA reported imports because of classification and other reporting differences.
(2) Ontario and Quebec shipments include approximately 1 billion board feet originating from B.C. through "reload" centers.
N = Negligible

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NFPA
AN ECONOMICS BULLETIN OF THE FOREST PRODUCTS INDUSTRY

ECONOMICS MONTHLY

Volume III Number 6 June, 1987

ECONOMY WATCH -- GNP REVISED UPWARD; CANADIAN EXPORT TAX ENACTED

The U.S. outlook continues to be upbeat with overall demand at or near record levels for the year. U.S. shipments of softwood products declined during April, but are still running ahead of last year's record pace. April's lower shipments in part reflect a one month weakening of the export markets. Although still ahead of last year, the value of U.S. wood exports declined over 15 percent during the month, with reductions in almost all product lines except hardwood logs and veneer. The reasons for this decline are not entirely clear, but are believed to be varied and unrelated. Most producers continue to report ample orders for exports.

The Department of Commerce revised its estimate of economic growth for the first quarter from 4.4 percent to 4.8 percent, making the quarter's economic performance even higher than most economists anticipated. The government's measure of leading economic indicators also rose 0.7 percent in May, the fourth straight monthly increase. However, housing starts declined in May to a seasonally-adjusted annual rate of 1.62 million units. Starts averaged 1.73 million during the first five months of 1987.

On June 1, 1987 Canada enacted legislation authorizing a 15 percent export tax on softwood lumber shipped to the United States. The tax was part of a comprehensive agreement on softwood lumber reached at the end of 1986, which lacked the enforcement of law up until now. In a subsequent development, the U.S. and Canada agreed to enter into discussions on "inequities" in the lumber agreement, although no formal proposal has been put forth by either side. Meetings are to take place during the summer.

Softwood lumber imports from Canada declined in April by 3.4 percent, bringing the volume for the first four months of the year 1.3 percent below last year's level. Canadian market share was down to 29 percent, compared to 30 percent for all of last year, and 33 percent in 1985.

During the first quarter, 54 percent of Canadian production was shipped to the U.S., down from the 64 percent level of last year. A booming residential construction market is contributing to higher demand for lumber in Canada. Canadian production of softwood lumber during the first quarter was 6.2 billion board feet, up 7.1 percent from 1986. Canadian offshore exports were also up dramatically -- 30.1 percent. This compares with an 18.5 percent increase in U.S. softwood lumber exports, suggesting that the export tax on U.S. shipments is diverting some Canadian lumber to overseas markets.

MONTHLY STATISTICAL HIGHLIGHTS

The seasonally adjusted annual rate of U.S. lumber production was 40.4 billion feet in April, down 7.4 percent.

Softwood lumber shipments declined in April by 2.4 percent, but were running 11.6 percent ahead of last year during the first four months.

Softwood lumber imports were 1.3 percent lower during the first four months of the year.

The Commerce Department reports that real earnings rose 0.7 percent in May.

The Federal Highway Administration reports that 6 MBF of lumber is used for every million dollars of highway construction.

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THE CONSERVATION RESERVE -- IMPLICATIONS FOR U.S. TIMBER SUPPLY

The 1985 Food Security Act (known as the Farm Bill) contained major new agricultural policies aimed at reducing soil erosion on America's cropland. Some 83 million acres of cropland are defined as "highly erodible" by the U.S. Department of Agriculture. The Act established several programs to encourage the retirement of this highly erodible cropland to less intensive use. Specifically, the Act established the Conservation Reserve Program (CRP), and set new erosion-minimizing requirements for receiving government agricultural benefits. These measures may have significant economic impact on existing agricultural commodity programs, and also result in the addition of several million acres to America's timberland base.

The Conservation Reserve (CRP)

The Conservation Reserve Program (CRP), established by the Act, has two purposes. First, it seeks to remove highly erodible land from intensive crop production. Second, and as importantly, it seeks to reduce the cost of commodity support programs by reducing overproduction.

The CRP provides annual rental payments to farmers who remove qualifying land from crop production and plant a permanent vegetative cover such as grass or trees. It also enables them to receive cost-share payments for establishing the alternative practice. Thus, a farmer can reduce his production costs by taking marginal land out of production, while still receiving income in the form of rental payments. In most cases, this combination of lower cost and rental income exceeds the income that would have been derived from the crop.

The popularity of the CRP is evident in the sign-ups during its first year. Between March, 1986 and February, 1987, 19 million acres were enrolled in the CRP. This is already nearly half of the 40 - 45 million acre goal established by the legislation for the period through 1991.

Tree Planting

Of the acres enrolled to date, 1.1 million acres were accepted with tree planting as the qualifying practice, or 6 percent of the total. In southern timber-producing regions, the percentage is much higher -- as high as 83 percent in the Southeast (Virginia, North Carolina, South Carolina, Georgia, and Florida); and 48 percent in the Delta region (Mississippi, Louisiana and Oklahoma). Table I details the enrolled CRP acreage.

In all, the CRP should result in a total of 3 - 5 million acres of tree planting through 1991. It will, therefore, be the largest tree planting program in U.S. history, eclipsing the tree-planting efforts of the Civilian Conservation Corps CCC), the Soil Bank, Forestry Incentives Program (FIP/ACP), and planting on the National Forests (NFS) during any five year period (Figure 1).

Other Provisions to Also Result in More Forest Cover

The CRP is just one program contained in the Farm Bill which will affect timberland. A number of other provisions may also have significant impacts during the next decade. In brief, they include:

Sodbuster. This section of the Farm Bill is designed to discourage conversion of highly erodible non-cropland to agricultural use. Sodbuster requires farmers to enter into conservation plans when farming highly erodible land or face losing

eligibility for a broad range of government farm programs, including price and income supports, crop insurance, disaster payments, FmHA loans, CCC loans, CRP payments and all other USDA commodity related programs. Sodbuster is likely to forestall conversion of forestland to agricultural uses on as many as 74 million acres.

Swampbuster. Similar provisions apply to conversions of wetlands to farm uses. Farmers must develop USDA-approved conservation plans before converting acres defined as wetland to crop production, or again lose eligibility for assistance programs on all acres they farm. Some 2.3 million acres of forestland are believed to be affected by this provision.

Conservation Compliance. Of all of the Farm Bill's provisions, this one may have the most significant long-term impact on land usage. Under conservation compliance, eligibility for USDA agricultural benefits will be tied to conservation practices. To comply and receive benefits, farmers must implement a conservation plan reducing erosion on all highly erodible cropland, convert it to noncrop use (such as trees), or leave the land idle.

FmHA Programs. Under a specially targeted Softwood Timber Program, Farmers Home Administration (FmHA) borrowers can grow softwood timber on marginal land and pledge future timber receipts as a way of paying back loans. It is a small program, limited to 50,000 acres, which will affect about a thousand farmers, and is viewed by FmHA as an option of last resort in restructuring debt for certain farmers. An additional option available to FmHA is to enter into conservation easements with financially distressed borrowers if such arrangements can help resolve their problems. Easements may also be incorporated into transactions involving properties where the U.S. has acquired title through default. Although not specific to timber, these easements might include tree cover has a conservation practice.

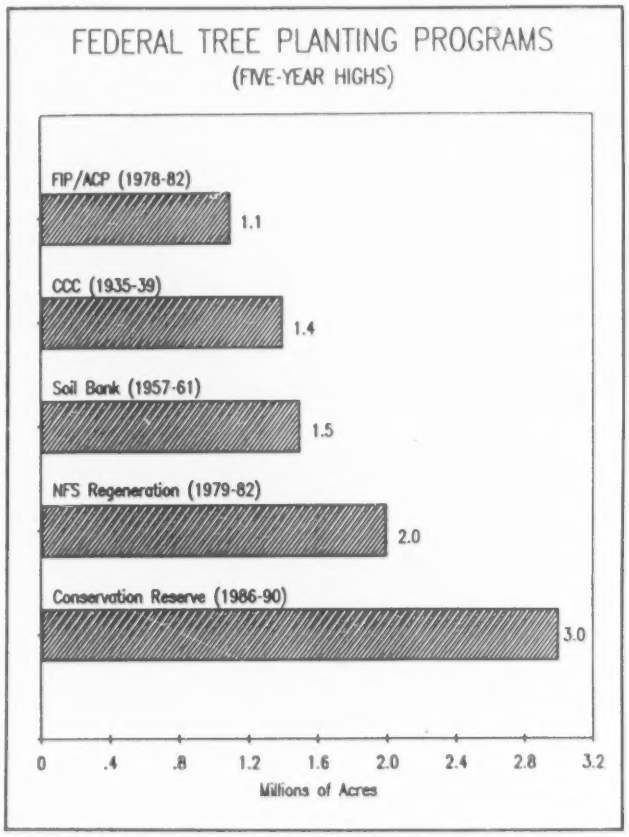


Figure 1: Tree planting under the CRP will exceed all other federal programs for any five-year period.

Economic Impacts

U.S. agricultural policy has long been criticized for providing both costly support programs and encouraging excess production at the same time. In recent years, U.S. direct payments to farmers have run on the order of $8 billion annually, not including credit and other support programs.

Although in themselves costly, the Farm Act conservation programs

CONSERVATION RESERVE PROGRAM
ENROLLED ACREAGE
(MARCH '86-FEBRUARY '87)

STATE	ELIGIBLE ACRES	ACRES ACCEPTED	ACRES WITH TREES	%
TOTAL U.S.	83,328,000	18,801,108	1,050,111	5.6%
ALABAMA	1,123,000	328,325	160,578	48.9%
ALASKA	0	23,204	0	0.0%
ARIZONA	191,000	0	0	0.0%
ARKANSAS	619,000	110,450	47,785	43.3%
CALIFORNIA	496,000	140,543	294	0.2%
COLORADO	4,515,000	1,442,160	760	0.1%
CONNECTICUT	22,000	0	0	0.0%
DELAWARE	17,000	220	70	31.8%
FLORIDA	149,000	58,342	53,570	91.8%
GEORGIA	901,000	318,824	295,035	92.5%
HAWAII	88,000	85	85	100.0%
IDAHO	1,822,000	564,314	988	0.2%
ILLINOIS	3,644,000	307,526	3,597	1.2%
INDIANA	1,910,000	156,247	2,132	1.4%
IOWA	7,121,000	1,363,999	3,496	0.3%
KANSAS	6,508,000	1,433,271	993	0.1%
KENTUCKY	1,828,000	289,967	1,172	0.4%
LOUISIANA	211,000	45,645	15,544	34.1%
MAINE	107,000	13,364	500	3.7%
MARYLAND	405,000	2,954	218	7.4%
MASSACHUSETTS	99,000	32	10	31.3%
MICHIGAN	411,000	83,636	2,585	3.1%
MINNESOTA	1,208,000	1,412,025	17,157	1.2%
MISSISSIPPI	1,504,000	429,009	223,723	52.1%
MISSOURI	4,988,000	956,564	1,568	0.2%
MONTANA	6,928,000	1,207,335	121	0.0%
NEBRASKA	4,395,000	840,938	1,379	0.2%
NEVADA	68,000	249	0	0.0%
NEW HAMPSHIRE	5,000	0	0	0.0%
NEW JERSEY	137,000	175	4	2.3%
NEW MEXICO	731,000	443,756	0	0.0%
NEW YORK	1,140,000	28,436	1,120	3.9%
NORTH CAROLINA	1,333,000	64,877	35,508	54.7%
NORTH DAKOTA	1,571,000	800,757	477	0.1%
OHIO	1,408,000	114,740	2,696	2.3%
OKLAHOMA	2,714,000	732,253	150	0.0%
OREGON	854,000	446,779	476	0.1%
PENNSYLVANIA	1,780,000	36,091	773	2.1%
PUERTO RICO	171,000	321	35	10.9%
RHODE ISLAND	2,000	0	0	0.0%
SOUTH CAROLINA	325,000	162,957	130,636	80.2%
SOUTH DAKOTA	1,304,000	527,880	102	0.0%
TENNESSEE	1,821,000	261,899	11,117	4.2%
TEXAS	11,091,000	2,313,670	8,706	0.4%
UTAH	334,000	203,041	0	0.0%
VERMONT	36,000	208	0	0.0%
VIRGINIA	804,000	27,836	11,520	41.4%
WASHINGTON	2,068,000	685,275	573	0.1%
WEST VIRGINIA	99,000	360	8	2.2%
WISCONSIN	2,295,000	255,735	12,842	5.0%
WYOMING	107,000	164,834	8	0.0%

SOURCE: U.S. Department of Agriculture

Table I: Tree planting in some states accounts for the lion's share of enrolled CRP acres.

provide an opportunity for reducing excess crop production and lowering commodity payments and other agriculture set aside programs.

According to analyses conducted by the American Farmland Trust and the USDA, the CRP should result in a net saving of $1.2 billion annually by 1990. This is because by reducing surplus crop production, the CRP raises commodity prices. Lower production and higher prices mean lower support payments. According to the American Farmland Trust, net farm income should increase by $2.5 billion in the five year period as a result of higher prices and lower production costs, outweighing the reduction in sales volume and government payments.

Timberland Impacts

America's timber supply has long been the subject of concern and debate. In recent years, low rates of forest regeneration on farmer-owned and other non-industrial private land has raised the possibility that future timber supply may be severely curtailed. The problem has led the Forest Service to conduct a study on the timber supply/demand situation in the southern region, where farmer-owned forestland predominates. The study noted that forestland acreage had declined by 16 million since 1962, and was likely to decline by additional 6 percent by the year 2000.

Its probably still too early to assess the quantitative impact on future timber supply directly related to the conservation programs. However, at the very least, they have the potential of inducing a net increase of timberland in the South, reversing the trend of the past two decades. In summary, these programs should reduce commodity program costs, and increase net farm income, while augmenting timberland -- all side affects of programs whose main purpose is to reduce soil erosion by 1.1 billion tons per year.

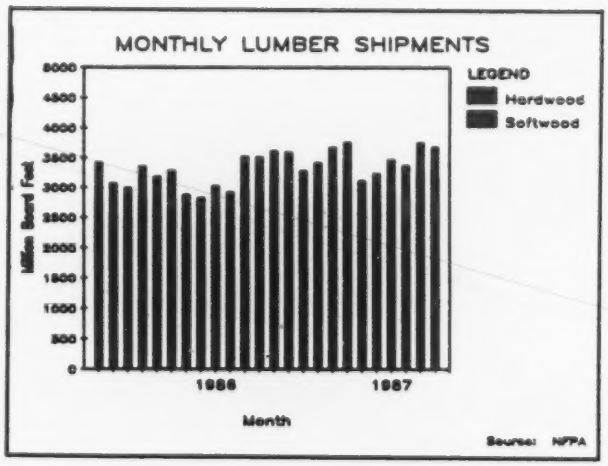
ECONOMICS MONTHLY

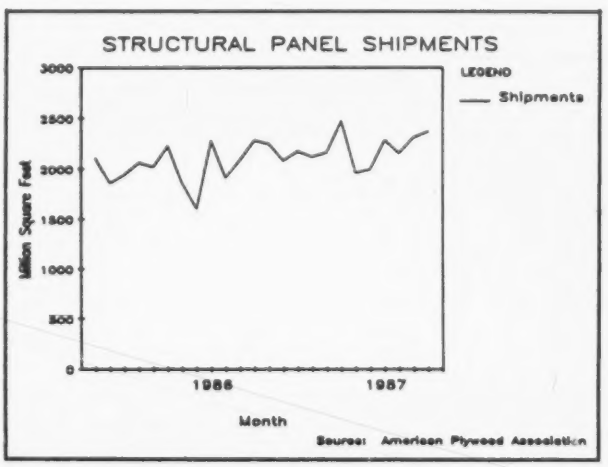
MONTHLY STATISTICAL SUPPLEMENT

Issued: June 26, 1987

ESTIMATED INDUSTRY TOTALS BY PRODUCING REGION

	APRIL, 1987			APRIL 30, 1987	
	Production	Shipments	Orders Received	Unfilled Orders	Gross Stocks
			(Million Board Feet)		
SOFTWOOD LUMBER					
Southern Pine Region	1,092	1114	1092	806	1,969
Douglas Fir Region	853	849	799	747	1,078
Western Pine Region	886	839	878	583	1,379
California Redwood Region	182	180	186	113	439
Other Softwoods	154	155	151	271	316
TOTAL SOFTWOODS	3,167	3,187	3,106	2,520	5,181
% Change - March 1987	-5.7%	-2.4%	-5.3%	-3.1%	-0.4%
% Change - April 1986	3.8%	6.1%	10.5%	15.2%	4.8%
HARDWOOD LUMBER					
Southern Hardwood Region	203	224	244	300	712
Appalachian Hardwood Reg.	60	68	72	*	*
Other Hardwoods	186	207	224	249	661
TOTAL HARDWOODS	449	499	540	549	1,373
% Change - March 1987	11.4%	1.2%	14.4%	7.2%	-3.5%
% Change - April 1986	-12.6%	-2.5%	11.3%	18.1%	-21.3%
TOTAL LUMBER	3,616	3,686	3,646	3,072	6,554
% Change - March 1987	-3.9%	-1.9%	-2.8%	-1.3%	-1.1%
% Change - April 1986	1.5%	4.8%	10.6%	15.8%	-2.0%
* Included in Other Hardwoods					
			(Thousand Feet)		
FLOORING					
Oak Flooring (Bd. Ft.)	NA	13,555	NA	12,896	5,926
Maple Flooring (Sq. Ft.)	1,131	864	1,269	4,200	2,407
STRUCTURAL PANELS (Sq. Ft.)	2,382,894	2,368,902	2,322,200	749,071	418,000
% Change - March 1987	0.7%	2.5%	-1.6%	-5.9%	3.6%
% Change - April 1986	0.5%	3.8%	9.6%	22.5%	-2.1%





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YEAR-TO-DATE INDICATORS

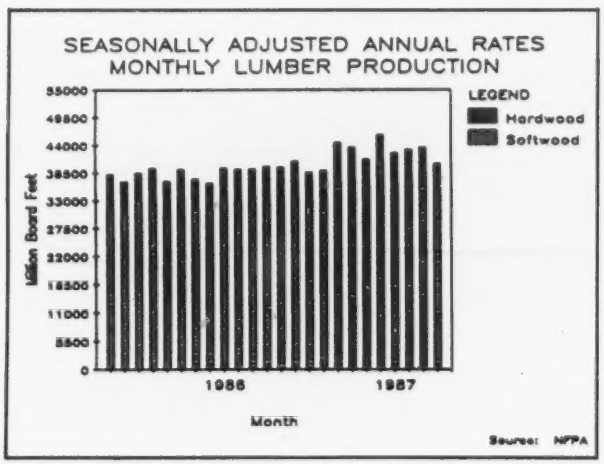
	PRODUCTION		SHIPMENTS		ORDERS RECEIVED	
	Latest Period Available	% Change	Latest Period Available	% Change	Latest Period Available	% Change
	4 mo.'87	4 mo.'86	4 mo.'87	4 mo.'86	4 mo.'87	4 mo.'86
	(Million Board Feet)					
TOTAL LUMBER	14,157	7.3%	14,296	10.1%	14,644	10.4%
TOTAL SOFTWOOD	12,457	11.1%	12,319	11.6%	12,621	12.3%
TOTAL HARDWOOD	1,700	-14.0%	1,977	1.4%	2,023	-0.2%
	(Million Square Feet)					
STRUCTURAL PANELS	9,183	5.7%	9,120	6.5%	9,223	8.5%

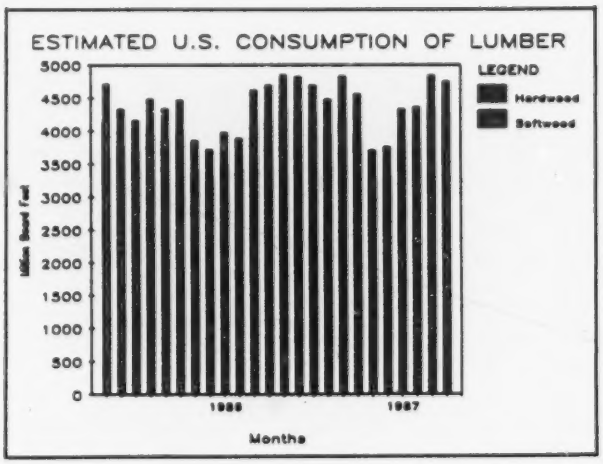
SEASONALLY ADJUSTED ANNUAL RATES

	PRODUCTION			SHIPMENTS		
		---% Change From--			---% Change From--	
LUMBER REGION	Apr. '87	Mar. '87	Apr. '86	Apr. '87	Mar. '87	Apr. '86
	(Million Board Feet)			(Million Board Feet)		
Southern Pine	12,402	3.1%	4.7%	12,923	9.5%	11.3%
Douglas Fir	9,274	-13.0%	9.1%	9,282	-13.8%	10.8%
Western Pine	9,553	-21.2%	-1.7%	9,920	-22.1%	-1.0%
Calif. Redwood	2,191	4.1%	3.4%	2,029	-1.0%	-6.7%
Other Softwoods	1,728	-10.7%	4.1%	1,773	-8.5%	6.2%
TOTAL SOFTWOODS	35,148	-9.5%	3.9%	35,927	-8.6%	6.1%
TOTAL HARDWOODS	5,250	10.1%	-12.6%	5,690	-0.2%	-2.5%
TOTAL LUMBER	40,399	-7.4%	1.4%	41,618	-7.5%	4.9%

DOMESTIC LUMBER CONSUMPTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	----% Change From----		Latest Period Available	% Change From
	Apr. '87	Mar. '87	Apr. '86	4 mo.'87	4 mo.'86
	(Million Board Feet)				
Total Consumption	4,755	-1.8%	1.2%	18,290	6.5%
Softwood Consumption	4,270	-2.4%	1.7%	16,392	7.4%
Hardwood Consumption	484	3.1%	-2.4%	1,898	-1.0%

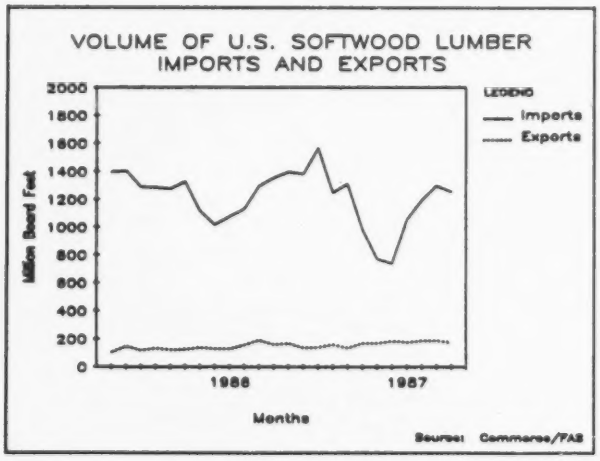


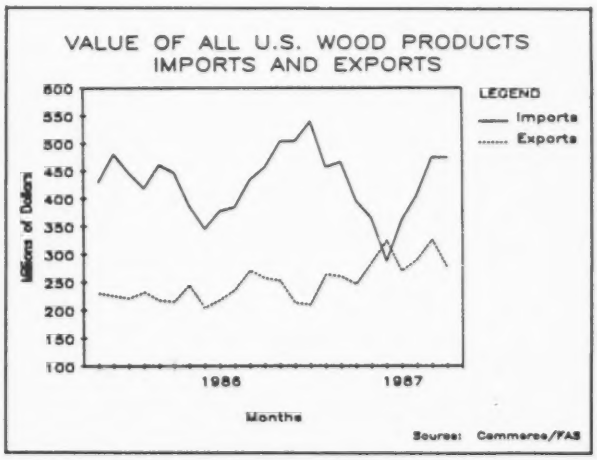


INTERNATIONAL TRADE STATISTICS

		VOLUME				VALUE			
		Apr. '87	4 mo. 1987	% Change From Mar. '87	% Change From 4 mo. 1986	Apr. '87	4 mo. 1987	% Change From Mar. '87	% Change From 4 mo. 1986
EXPORTS									
SOFTWOOD LUMBER	MMBF	169.9	718.0	-9.3%	14.2%	61,934	259 081	-13.1%	28.3%
To Canada	MMBF	39.4	133.4	23.3%	10.9%	9,758	33,377	19.8%	12.9%
SOFTWOOD LOGS	MMBF	249.6	1,190.3	-27.3%	1.3%	83,495	398,435	-27.0%	7.7%
SOFTWOOD PLYWOOD	MMSF 3/8"	50.0	336.0	-43.1%	31.1%	10,147	74,243	-48.1%	36.4%
HARDWOOD LUMBER	MMBF	53.1	201.7	-2.0%	31.9%	34,517	129,711	-0.3%	22.8%
HARDWOOD LOGS	MMBF	29.3	69.1	88.2%	41.9%	14,523	51,399	-11.8%	18.1%
HARDWOOD VENEER	MMSFsurf	124.4	429.4	1.7%	49.1%	10,041	35,639	-3.3%	49.3%
PARTICLEBOARD	MMSF 3/4"	18.2	73.0	-20.5%	37.4%	4,085	15,724	-17.8%	53.0%
ALL OTHER		NA	NA	NA	NA	55,253	188,253	5.4%	15.1%
TOTAL U.S. EXPORTS		NA	NA	NA	NA	275,006	1,157,840	-15.5%	18.5%
IMPORTS									
SOFTWOOD LUMBER	MMBF	1,253.2	4,791.0	-3.2%	-1.3%	258,170	955,281	-4.3%	-1.6%
From Canada	MMBF	1,242.5	4,745.0	-3.4%	-1.3%	254,852	943,341	-4.4%	-2.0%
SOFTWOOD LOGS	MMBF	1.8	6.3	-23.0%	-45.4%	662	2,331	-33.5%	109.1%
SOFTWOOD PLYWOOD	MMSF 3/8"	10.3	38.3	-0.2%	-4.3%	2,911	10,436	11.4%	-4.6%
HARDWOOD LUMBER	MMBF	36.4	124.0	11.1%	3.8%	18,384	67,846	-3.9%	24.2%
HARDWOOD LOGS	MMBF	0.4	5.7	-31.3%	1.8%	82	803	-60.0%	-30.8%
HARDWOOD VENEER	MMSFsurf	147.0	543.5	9.8%	0.2%	11,135	41,568	-2.6%	12.9%
HARDWOOD PLYWOOD	MMSFsurf	379.1	1,329.6	13.1%	-3.8%	53,317	181,544	16.5%	7.4%
HARDBOARD	MMSF 1/8"	54.7	250.9	-32.2%	-18.6%	4,199	18,849	-27.4%	-3.8%
PARTICLEBOARD	MSF 3/4"	118.4	434.2	5.5%	29.6%	11,768	42,797	6.4%	-2.8%
ALL OTHER		NA	NA	NA	NA	112,709	393,141	4.7%	14.6%
TOTAL U.S. IMPORTS		NA	NA	NA	NA	474,176	1,716,270	-0.1%	3.9%

Note: Volume total is not possible because the products are in different units of measure.
Note: Particleboard imports include OSB/Waferboard.





VALUE OF NEW CONSTRUCTION

	CURRENT			YEAR-TO-DATE	
	Latest Month Available	% Change From		Latest Period Available	% Change From
	Apr. '87	Mar. '87	Apr. '86	4 mo. '87	4 mo. '86
	(Billions of Dollars)				
VALUE OF ALL NEW CONSTRUCTION PUT-IN-PLACE	29.6	5.7%	3.0%	108.3	2.6%
Private	23.9	3.9%	1.3%	88.7	1.0%
Residential	13.9	1.5%	8.3%	51.2	10.8%
Nonresidential & Other	10.0	7.5%	-7.1%	37.5	-9.8%
Public	5.7	14.0%	10.7%	19.8	11.8%

HOUSING STARTS

	Apr. '87	Mar. '87	Apr. '86	4 mo. '87	4 mo. '86
	(Thousands of Units)				
NEW HOUSING UNITS STARTED					
Total Private & Public	164.0	15.1%	-12.9%	514.4	-8.6%
New Private Starts	163.8	15.0%	-13.0%	514.1	-8.5%
Seas. Adj. Annual Rate	1,699.0	-2.9%	-12.6%		
One-Family Housing Starts	120.9	19.6%	2.1%	363.0	3.0%
Proportion of Total	0.7			0.7	
	(Number of Units)				
SHIPMENTS OF MOBILE HOMES	21,100.0	0.1	(0.1)	73,000	-9.9%

INDUSTRY EMPLOYMENT

	Apr. '87	% Change From Mar. '87	% Change From Apr. '86
	(Thousands of Employees)		
TOTAL EMPLOYMENT (Seasonally Adj.)			
All Industries	102,325	0.3%	2.5%
All Manufacturing Industries	19,224	0.1%	-0.1%
Lumber and Wood Products	758	0.4%	5.4%
Furniture and Fixtures	507	0.4%	2.6%